World markets in 1992

Fixed-interest issues take the prizes

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Downhill fast

How skiing damages the environment

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Tired of turkey?

Try guinea pig for Christmas dinner

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Tomorrow's Weekend FT

Christmas comes early: 18 pages stuffed with festive delights

FINANCIAL TIMES

Europe's Business Newspaper — WEDNESDAY DECEMBER 23 1992 — D8523A

Russian trade minister quits amid turmoil

Russia's liberal trade minister, Pyotr Aven, one of those who launched Russia's economic reforms last January, quit yesterday as turmoil engulfed the government. Radicals and conservatives jockeyed to keep or promote their own ministers in posts responsible for the shaky reform programme. Page 10; Russia's ousted reformer, Page 2

Clinton's team: US president-elect Bill Clinton named Warren Christopher as secretary of state, former navy-undersecretary James Woolsey as director of the Central Intelligence Agency, Les Aspin as secretary of defence and Samuel Berger as deputy White house national security adviser.

Palestinians' plea rejected: Israel's High Court rejected an appeal seeking the return of 415 Palestinians who were expelled to Lebanon. It said it did not want to get involved. The Israeli government warned its troops were prepared to shoot to prevent the Palestinians' return. Page 3

Electricité de France: The state-owned utility is going ahead with new contracts to sell electricity to the UK next year despite claims by British Coal that French power sales cut the potential market for UK-mined coal by 6-7m tonnes a year. Page 10; Heseltine rebuffs pit call, Page 4

Hong Kong power station deal: Anglo-French engineering group GEC Alsthom and General Electric of the US have won a deal thought be worth some HK$20bn ($2.59bn) to supply equipment for a Hong Kong power station. The consortium beat a challenge from Siemens of Germany. Page 10

Minister to quit: Britain's foreign office minister for European affairs, who has a key role handling the Maastricht treaty, said he would quit once the accord was ratified. Tristan Garel-Jones, 51, said: "I hanker after a change." Page 4

Libya crash kills 157: All 157 people aboard a Libyan Arab Airlines Boeing 727 were killed when it crashed en route from Benghazi to the Libyan capital, Tripoli. The Boeing was said to have collided with a Libyan military jet. Page 3

Survivors fly home: Dozens of people who survived Monday's fatal air crash at Faro, southern Portugal, flew home to the Netherlands. Experts investigating the accident said it could have been caused by a freak downblast of wind as the Martinair DC-10 came in to land.

Germany bans fourth group: A fourth German neo-Nazi militant group, the 140-member Nationalist Offensive, was banned as Germany continued cracking down on anti-foreigner and anti-Semitic violence.

Bush to Somalia: Outgoing US president George Bush will visit US forces in Somalia over the new year and see relief operations, the White House said.

Sweden supports Nordbanken: Sweden's troubled Nordbanken group is to receive another SKr14bn ($2bn) in equity and SKr10bn in guarantees from the government as part of moves to give the bank a fresh start. Page 16

Satellite vanishes: Optus Communications, Australian owners of a $140m satellite launched on Monday by China, said it disappeared before reaching orbit and had been given up for lost. Chinese officials would not acknowledge that anything had gone wrong. Page 3

Bomb blast in London: Passengers and staff were evacuated from a north London underground station less than half an hour before a small bomb exploded.

Privatisation hailed: Czechoslovakia's first round of privatisations was hailed a success after nearly 93 per cent of available shares were sold. Up for sale were a total of 1,491 companies worth some 300 bn crowns ($10.7 bn). Hungary plans more flotations, Page 3

Kiss and make up: US toymaker Mattel, maker of the popular Barbie doll (left), is dropping legal action against Hasbro after the UK company agreed to make its Sindy doll look less like her US rival. "Hasbro has remodelled the head of Sindy in a way which Mattel and Hasbro have agreed is acceptable," said a solemn statement issued on behalf of both companies. Page 12

STOCK MARKET INDICES

FT-SE 100:	2,842.0	(+34.3)
Yield	4.27	
FT-SE Eurotrack 100	1,072.92	(+13.71)
FT-A All-Share	1,358.55	(+1.2%)
Nikkei	17,690.87	(+45.23)
New York lunchtime		
Dow Jones Ind Ave	3,308.95	(-3.51)
S&P Composite	439.86	(-1.65)

US LUNCHTIME RATES

Federal Funds:	2 15/16%
3-mo Treas Bills: Yld	3.271%
Long Bond	103 3/8
Yield	7.339%

LONDON MONEY

3-mo interbank	7 1/4%	(7 1/4%)
Liffe long gilt future:	Dec 100 13/32	(Dec 100 5/16)

NORTH SEA OIL (Argus)

Brent 15-day	$18.525	(same)

Gold

New York Comex (Dec)	$332.2	(334.0)
London	$332.3	(333.95)

STERLING

New York lunchtime:		
$	1.5365	
London:		
$	1.539	(1.5645)
DM	2.4425	(2.4525)
FFr	8.33	(8.3825)
SFr	2.2075	(2.2125)
Y	190	(192.25)
£ Index	79.6	(80.3)

DOLLAR

New York lunchtime:		
DM	1.587	
FFr	5.4155	
SFr	1.4375	
Y	123.65	
London:		
DM	1.5865	(1.568)
FFr	5.4125	(5.3575)
SFr	1.434	(1.4135)
Y	123.45	(122.95)
$ Index	65.3	(64.9)

Tokyo close Y 123.13

Austria	Sch30	Greece	Dr250	Lux	LFr60	Qatar	QR12.00
Bahrain	Din1.250	Hungary	Ft192	Malta	Lm0.50	S.Arabia	SR11
Belgium	BFr60	Iceland	IKr180	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lv25	India	Rs20	Neth	Fl 3.50	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3600	Nigeria	Naira20	Sweden	SKr14
Czech	Kcs35	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3.00
Denmark	DKr14	Italy	L2500	Oman	OR1.50	Syria	SyP50.00
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Thailand	Bht50
Finland	FM12	Korea	Won 2500	Philippines	Pso45	Tunisia	Din1.250
France	FFr8.50	Kuwait	Fils.600	Poland	Zl 22,000	Turkey	L6000
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es190	UAE	Dh10.00

Changes add weight to diplomatic policy

Delors signals birth of tougher EC executive

By Andrew Hill and David Gardner in Brussels

MR Jacques Delors, president of the European Commission, yesterday signalled the birth of a tougher, more outward-looking European Community executive when he announced the duties of his 16 fellow commissioners for the next two years.

The commissioners, who will work in Mr Delors' third Commission, met for the first time yesterday. Having spent the past few weeks jockeying for position – in person and through national governments – they took only 15 minutes to decide which jobs they would inherit when they take office on January 6.

The changes should lend new weight to the EC's diplomatic and trade policy. The Commission's external affairs portfolio – previously the domain of one commissioner, Mr Frans Andriessen – will be split between Mr Andriessen's successor as Dutch commissioner, Mr Hans van den Broek, the Netherlands' foreign minister, and Sir Leon Brittan, the UK's senior commissioner.

Mr Van den Broek will take on responsibility for external political relations, and will lead "enlargement" negotiations with applicants for EC membership – Austria, Sweden, Finland and Norway. Sir Leon, now responsible for competition and financial services, will handle trade relations with the industrialised nations, including the expected conclusion of the Uruguay Round and anti-dumping policy.

Sir Leon said yesterday he believed that he and Mr Van den Broek – who discussed their new responsibilities last week – shared the same liberal and "Atlanticist" approach to external relations, and would work well together.

The new allocation of duties will mean the division of the Commission's sprawling external relations department by April. Further and more painful restructuring of the Brussels bureaucracy is likely to follow.

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- Delors reshuffles Commission pack
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Sir Leon's competition portfolio passes to Mr Karel Van Miert, the Belgian socialist currently in charge of transport and environment policy. Mr Van Miert said earlier this week "there will be changes" in the conduct of EC competition policy, a job which Sir Leon and his predecessor Mr Peter Sutherland built into one of the most powerful in Brussels.

In particular, Mr Van Miert is likely to try to make competition policy more responsive to social and industrial considerations.

The distribution of portfolios reflects the enlargement of the Community's role envisaged in the Maastricht treaty.

For example, Mr Van den Broek, who chaired the Council of Ministers in the run-up to the Maastricht summit, will be responsible for Commission input to the EC's embryonic foreign and security policy. Mr Padraig Flynn, the new Irish commissioner, will monitor EC justice and immigration policy as well as social policy.

In response to calls for more openness and accountability in EC decision-making, a new portfolio has been created for Mr Joao de Deus Pinheiro, the highly regarded former Portuguese foreign minister. He will liaise with the European Parliament, which will be strengthened if Maastricht is ratified. He will also develop Mr Delors' idea that Brussels should give a regular account of itself to national parliaments and through a more active information policy.

In principle, the new Commission – which includes 10 members of the current executive – will last for two years, assuming the Maastricht treaty is ratified. The appointment of a five-year Commission at the end of 1994 will be timed to run in tandem with a newly elected European Parliament.

All responsibilities for aid to developing countries has been regrouped under the senior Spanish commissioner, Mr Manuel Marin. Spain pressed hard for a higher profile within the Brussels executive and has done particularly well from the reshuffle. Its junior commissioner, Mr Abel Matutes, gets two of the jobs in the previous Commission – energy and transport.

British premier John Major (left), with British Defence Chief Sir Richard Vincent in the Croatian town of Split, praised the troops for "performing heroically to make sure the humanitarian aid gets through". In Belgrade, Serbian opposition parties may boycott Serbian and federal parliaments after ultranationalists appeared to have won a majority in Sunday's general election. Refugees in a foreign land, Page 10

D-Mark strength eases after Schlesinger remarks

By James Blitz, Economics Staff, in London

MR HELMUT Schlesinger, the Bundesbank president, yesterday helped to ease the recent strength of the D-Mark on foreign exchanges by saying that long-term German interest rates could drop to below 6 per cent in the current cycle of falling rates.

In an interview published in the Westdeutsche Allgemeine Zeitung, Mr Schlesinger did not specify when long-term interest rates – currently at around 7.25 per cent – would come down. However, analysts said yesterday that long-term rates in Germany could only fall when the market believed that prospects for reducing inflation were improving.

Mr Schlesinger's remarks were interpreted as unusually optimistic from the Bundesbank president, who also said he was confident Germany's inflation rate could fall to about 3 per cent next year from an average of about 4 per cent in 1992.

Dealers actively bought dollars in the wake of his remarks, and the US currency rose by more than 1¼ pfennigs against the D-Mark, to close at DM1.5865.

The interview also helped to boost sentiment in the UK equity market. The FT-SE 100 index of leading shares rose from Monday's all-time closing high to a new peak of 2,845.6 points, before ending at a new closing high of 2,842.0, a gain of 34.3 points on the day. The remarks also eased pressure on the French franc, after several days in which it had threatened to fall close to its floor against the D-Mark in the European exchange rate mechanism. The franc closed at FFr3.4110 against the D-Mark, up more than half a centime on the day.

Although the D-Mark was weaker against most currencies yesterday, sterling was a significant loser. The pound fell 1 pfennig to close at DM2.4425 and lost more than 2¼ cents against the stronger dollar, closing at $1.5390 from a previous close of $1.5645.

Wall Street stocks firmed after economic data indicated that the US economy had expanded in the third quarter of this year. At around lunchtime in New York yesterday, the Dow Jones Index was down 5.40 points at 3,307.06.

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BA global plans hit by collapse of deal with USAir

By Paul Betts in London, George Graham in Washington and Nikki Tait in New York

BRITISH AIRWAYS yesterday suffered a severe setback in its ambitions to become a global airline with the collapse of its proposed $750m investment in a 44 per cent stake in USAir, the sixth largest US carrier.

Both BA and USAir said they would attempt to forge an alternative deal in the new year after their proposed alliance was blocked by a US-UK government dispute over liberalising air services between the two countries.

BA said it had decided to pull out of the proposed partnership with USAir because of "excessive demands" by the US government to give US carriers greater access to the UK market.

Under pressure from the three largest US carriers – American Airlines, United Airlines and Delta Air Lines – the US had insisted that the UK open up London's Heathrow airport to more US airline services in return for approval of the deal.

The UK government in turn had offered a three-phase process of liberalising air services which would have led to "open skies" only after the US eased its rigid foreign ownership rules in US carriers.

BA said the UK government "quite rightly" had been unwilling to make "unwarranted and unilateral concessions" to the US.

Sir Colin Marshall, BA's chief executive, said talks between the two countries had broken down because "the US demanded immediate and unlimited access to the UK market while maintaining high protective barriers to its own market – which is 40 per cent of air transport worldwide." The UK Department of Transport said talks to liberalise air travel between Britain and the US would continue.

Mr Andrew Card, the US transport secretary, confirmed in Washington yesterday that he would "probably not have approved the deal". The existence of an open market for US carriers

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Clipped wings for BA's global strategy ....Page 11

was a crucial element in any decision on whether to allow foreign investments in US airlines.

"BA, had this transaction been approved, would have had immediate access to the entire US market. Our carriers would not have had access to the entire UK market," he argued.

USAir also expressed disappointment over the collapse of the deal. Mr Seth Schofield, USAir chief executive, stressed his carrier would "continue to discuss alternative arrangements with BA."

USAir officials declined to speculate on what other avenues the carrier might pursue, although it has talked to Germany's Lufthansa in the past. carrier.

There were varied reactions from two of the big US carriers which had lobbied strenuously against the deal. United said it was "a shame" an opportunity to liberalise UK-US air services had been missed, while Delta claimed the outcome was "a victory for equal and fair competition".

GM's parts suppliers face lost time fines

By John Griffiths in London

COMPONENT suppliers to General Motors' Saturn cars subsidiary in the US face fines at a rate of $500 for every minute of production lost through defective or mislabelled parts.

The sanction is set out in a letter to all suppliers to the Spring Hill, Tennessee, plant which makes GM's Saturn range.

Signed jointly by Mr Alec Bedricky, vice-president of purchasing and supplier quality, and United Auto Workers co-ordinator Mr Jerry Childers, it represents one of the starkest examples to date of competitive pressures and GM's determination to regain competitiveness against Japanese rivals.

The confidential letter, a copy of which was sent to the specialist Detroit publication Automotive News, says the fine will be invoked for any production stoppage caused by a missed delivery, under-supply of components or materials, or substandard or mislabelled parts.

The practice of penalising suppliers for production disruptions is not unknown either in North America or Europe. These have tended to be negotiated individually. A more formalised system could set a precedent.

GM last night refused to comment on the letter, declaring that "such matters are confidential between ourselves and our suppliers". It would not say whether penalties have been imposed since the fines regime began on November 1.

The Saturn plant is GM's $14bn "showcase" venture to demonstrate it can match Japanese rivals on quality and costs.

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Instability continues as Collor hangs on

By Christina Lamb in Brasilia

SEASONAL cheer was notably absent among Brazilians yesterday, faced with the unwelcome prospect of continued instability as a result of Monday night's ploy by suspended President Fernando Collor to delay his impeachment by sacking his lawyers.

Brazilians had expected that by Christmas Mr Collor would have been definitively stripped of power, enabling Mr Itamar Franco, the acting president, to formally take office and start giving some much-needed direction to the economy. A long-talked about fiscal reform was due to have been approved by the Congress so that next year the government could make some attempt at balancing its budget.

However, the delay in the impeachment trial until December 29 or later means the politicians will continue to be distracted from fiscal reform which now cannot be voted till next year. Mr Franco's speech setting out economic policy scheduled for today has been delayed until after the judgment.

Although there is little doubt that Mr Collor will be ousted eventually, Mr Pedro Simon, the Senate leader of the acting government, explains: "As an acting president Itamar cannot announce definitive plans because he doesn't know if he will be confirmed president."

As a result of the uncertainty, monthly inflation is now pushing 27 per cent and the black market dollar premium has reached 25 per cent.

The fear is that Mr Collor will try another manoeuvre to win more time in the hope that Mr Franco's perceived incompetence and nationalist rhetoric will inspire senators to wish for the return of Mr Collor. Mr Odacir Soares, one of Mr Collor's few supporters in the Senate, says: "Many senators are now looking at Collor with more sympathy and we believe this tendency is increasing." One aide said Mr Collor might appeal to the international court of human rights alleging that he was not being given a fair trial.

Mr Sidney Sanches, the head of the Supreme Court, who will preside over Mr Collor's judgment, appears determined to prevent further delays beyond December 29 and yesterday appointed Mr Inocencia Martires Coelho, a former attorney general, to handle Mr Collor's defence. But Mr Mauro Benevides, president of the Senate, admitted "it will be very difficult to get a quorum during the holiday period".

● In one positive development the Senate approved on Monday night the text of an agreement with foreign creditors over $44bn commercial debt. The majority was 42 to 2.

The termsheet, which was agreed in July, will now return to the advisory committee of creditor banks for final review and selection of instruments, and Brazil will increase its interest payments from 30 per cent to 50 per cent.

Gatt agreement waits for Clinton

David Dodwell on work still to be done on the Uruguay Round

TAKE with a pinch of salt whatever President George Bush and Mr John Major said in Washington at the weekend about finishing within the first two weeks of January the six-year Uruguay Round of talks aimed at reducing barriers to international trade.

There was a stronger sense of realism in Geneva when the statement was released. Most European Community negotiators had returned to Brussels, the head of the US mission had taken his son to the circus, and Mr Balkrishan Zutchi, India's respected ambassador to the General Agreement on Tariffs and Trade, commented: "It's not possible for President Bush to conclude this. We have to wait and see what the Clinton administration proposes."

The most patient response to the Washington initiative came from a senior EC official: "It was an honest attempt to achieve a conclusion. If it were just up to the US and the EC, then it might just be possible. But Bush and Major have wholly underestimated the resistance of the multilateral system, which calls for backing from another 106 countries."

Even Mr Arthur Dunkel, director general of Gatt, under whose wing the Uruguay Round negotiations have progressed, complained of the critical time lost since the US and the EC settled their long-standing dispute over reform of farm trade in Washington early in December. "There is still a tremendous amount of technical work to be done," he said this week.

The Bush and Major statement had its roots in the tokenism that Group of Seven leaders have so often shown over the past three years.

Note the G7 summit resolution of Houston in 1990. It said: "We stress our determination to take the difficult decisions necessary to achieve far-reaching, substantial results in all areas of the Uruguay Round by the end of this year... We intend to maintain a high level of personal involvement and to exercise the political leadership necessary to ensure the successful outcome of these negotiations."

However, one senior US trade official in Geneva commented: "I don't see what changes in circumstances are possible between now and the new year to make a settlement possible."

There have been three weeks of intensive activity in Geneva as countries involved in the Uruguay Round negotiated an array of tariff cuts, concessions to open up trade in services, and new protection for patents and copyright.

But amid all of this technical work, disagreements have emerged which can doubtless be resolved, but which will take time and the sort of political commitment that leaders such as Mr Bush can no longer provide.

The most critical of these are:

● US calls for amendment of the proposed anti-dumping rules, essentially giving the US more flexible recourse to bilateral sanctions if multilateral dumping rules fail to deliver "fair" trade.

● A US challenge to the Multilateral Trade Organisation (MTO), the umbrella organisation that would supersede the Gatt, and would embrace the new areas of trade subject to international rules. The US administration is concerned the MTO would compromise important sovereign powers.

● EC demands that any agreement on trade in audio-visual services should exempt "cultural programmes" from unfettered international competition. Other services are sensitive, including financial services (where concessions are being demanded from Japan, South Korea, and the six Asean countries in south-east Asia) and maritime services (where the US is dragging its heels).

● Developing countries are unhappy about the speed at which markets are to be opened up to free trade in textiles (too slowly), and are to provide patent protection in drugs and agricultural chemicals (too quickly).

● Tariff cuts remain contentious, with the US pressing for a number of sectors to have tariffs cut to zero, and the EC preferring to tackle sectors where tariffs are particularly high.

German power challenge dropped

By Quentin Peel in Bonn

OVER 160 local authorities in east Germany yesterday agreed to drop a constitutional challenge to the virtual monopoly of the main west German utilities on generation and supply of electricity in the former communist state.

An out-of-court settlement between the two sides means that the utilities, headed by RWE, PreussenElektra and Bayernwerk, will be guaranteed 70 per cent of the electricity market in east Germany for the next 20 years. The local authorities have agreed to generate from their own power stations no more than 30 per cent of the total requirement.

In return, the suppliers have agreed to protect jobs in the east German brown-coal industry, which still employs some 80,000, and embark on new investments valued at up to DM30bn (£12.3bn).

The local authorities will be allowed to choose whether to take over full ownership and control of electricity and district heating supply and distribution facilities on their territory, or cede the right in exchange for up to 49 per cent of the shares in their regional electricity supply organisation.

The deal could fall foul of EC competition rules. It is likely to mean foreign electricity suppliers will be effectively excluded from access to the east German market for the next 20 years, industry analysts say.

Foreign suppliers have shown an interest in the east German market, including Electricité de France, Britain's PowerGen, National Power, and Scottish Power. The German utilities have been attacked by German industry as among Europe's most costly power suppliers.

Swiss expect record SFr3bn budget deficit

By Ian Rodger in Zurich

THE rapidly deteriorating state of Swiss public finances was emphasised yesterday with the publication of a forecast by the federal Finance Ministry of a record budget deficit this year of SFr3bn ($2bn), 50 per cent above last year's deficit and more than double the original forecast.

The governments of most Swiss cantons and the larger local authorities have also plunged into deep deficits in the past two years because of the impact of the recession on revenues and spending as well as higher borrowing costs.

By international standards Swiss public finances are still strong. Outstanding debt of all three levels of government is about 35 per cent of gross domestic product and their combined budget deficits are equivalent to only 2 per cent of GDP.

However, economists have been expressing growing concern about the tendency of governments at all levels to take on more spending responsibilities even though the Swiss people, who have the final word on tax changes via plebiscites, have tended to reject proposals for higher taxes.

The Finance Ministry said that federal spending would grow more than 7 per cent this year to about SFr38bn, mainly because of higher outlays by various ministries.

Meanwhile, revenues were growing at only about 4 per cent, and were expected to end up to SFr1bn below the SFr31.9bn budget.

The higher budget deficit together with increased financing needs of the unemployment insurance fund has forced federal government borrowing to rise threefold this year to SFr9bn.

The ministry said last week it was projecting a higher than previously forecast 1993 deficit of around SFr3bn. Mr Otto Stich, the finance minister, estimated in October that the 1993 deficit would decline to SFr2.47bn.

No regrets, says ousted Russian reformer

By Leyla Boulton and John Lloyd in Moscow

THE man President Boris Yeltsin called "the cleverest Russian prime minister in decades" was yesterday viewing his removal from the "worst job any man could want" with equanimity and good humour.

Although he never expected to stay in the job as long as he did, Mr Yegor Gaidar wishes he could have remained longer. The man who headed Russia's drive to reform its economy on market lines believes this would have allowed him to safeguard the mass privatisation campaign.

In his first full interview since being rejected by the Congress of People's Deputies and abandoned by President Yeltsin last week, Mr Gaidar said the privatisation programme was at a crucial stage. "It is very, very easy to destroy it... through just a few careless movements."

Speaking in his new office as head of the Institute for Economic Problems in the Transitional Period, he admitted that his repeated attempts at financial stabilisation had amounted to improvisation.

But he had little time for the sort of pro-inflationary policy likely to be embraced by his successor, Mr Viktor Chernomyrdin, saying it would probably make co-operation with the International Monetary Fund "difficult for some time".

Unlike his foreign advisers, he refused to attack the west for not providing more support for his reforms – "I never expected anyone to solve our own internal problems" – even though he admitted he had used western promises of assistance as a political weapon to defend his reforms.

Mr Gaidar said he had no political ambitions but life "was very long".

And among his bank of telephones is a direct line on which President Yeltsin, whose adviser he remains, can contact him at any time.

Mr Chernomydin, Russian prime minister, presents a draft law on government appointments in a speech in Moscow yesterday

Growth in money supply declines

By Christopher Parkes in Frankfurt

THE growth rate in Germany's money supply fell in November for the first time this year, but was still running far ahead of target. Provisional Bundesbank figures yesterday showed expansion in the broad M3 measure dropped to an annualised 9.3 per cent last month.

Though an improvement on October's 10.3 per cent, it was well above the 8.8 per cent recorded in August (the last "normal" month) and almost 4 percentage points above the bank's top target range for 1992 of 5.5 per cent. Figures for September (up 9.3 per cent) and October were distorted by the effects of central bank intervention in the recent currency crisis.

Yesterday's figures showed high interest rates have yet to dampen demand for money. Private-sector loans continued to expand, and the volume of cash in circulation rose because of seasonal factors, the bank said. The fall had been widely forecast, and further decreases in coming months are expected as recession takes hold. Sharp cuts in industrial capital investment plans for 1993 are likely to affect the M3 measure as 1993 advances.

Some economists believe monetary expansion could fall within the Bundesbank's 1993 target range of 4.5-6.5 per cent early next year. Money supply control is a main aim in its search for monetary stability and cutting inflation: prerequisites for interest rate cuts.

Brittan begins to clear his in-tray

By Andrew Hill in Brussels

SIR LEON BRITTAN, outgoing EC competition commissioner, is to propose today a series of decisions to fellow commissioners in a drive to clear his desk before he takes on new responsibilities in January.

Sir Leon is due to take over the post of external trade commissioner from January 6, handing over competition policy to Mr Karel Van Miert, the Belgian socialist.

At a meeting today the Commission will be asked to impose heavy fines on an EC-West Africa shipping cartel, approve guidelines for allowing national courts to examine competition cases, and authorise exclusive supply/sales agreements between the German coal industry and electricity generators.

Sir Leon began to clear his in-tray yesterday by condemning Ford New Holland, the tractor manufacturer, for allegedly bullying its dealers and trying to restrict the "parallel" import and export of vehicles to other national markets. Ford has been told to end such restrictions immediately.

He also announced the Commission would look into telecoms groups' charges for rental and servicing of data-switching networks to see if they discriminated against third parties renting lines.

Proposals on the table today include:

● Clarification of national courts' rights to investigate alleged cartels and the abuse of companies' dominant positions;

● Fines on EC shipping companies for operating a cartel between Europe and West Africa, following up an earlier decision to impose fines on an alleged shipping cartel between France and Africa;

● Setting a new ceiling on state aid to shipbuilders;

● Approval of Germany's "Jahrhundertvertrag", under which German electricity suppliers must buy a set amount of subsidised local coal.

Amato rules out early return to ERM

Italy cuts discount rate again

THE Bank of Italy yesterday announced a cut of one percentage point in the discount rate, from 13 per cent to 12 per cent, writes Robert Graham in Rome. It is the third reduction since the rate was raised to 15 per cent to protect the lira in September.

The new rate, effective from today, is now back to that of December 23 last year.

The Bank of Italy has been under pressure to cut interest rates to force the banks to lower lending rates to industry, increasingly hard hit by recession and high debts.

With growth projected optimistically in 1993 at 0.8 per cent, industry fears 1993 will be the bleakest year for more than a decade.

The three cuts in the discount rate would have been impossible if the lira had not been in free float since its devaluation and withdrawal from the European exchange rate mechanism in September.

Yesterday Mr Giuliano Amato, the prime minister, ruled out a return of the lira to the ERM early in 1993.

He said it was unrealistic to expect the lira to re-enter the ERM while currency markets remained unstable. Although no timetable was fixed, officials had initially indicated a return to the ERM would be possible by year's end.

Delors reshuffles the European Commission pack

David Gardner and Andrew Hill examine the prospects for success of the Community's new team at the top in Brussels

THERE WAS no blood detectable on the carpet of Brussels' Egmont Palace yesterday morning after Mr Jacques Delors, president of the European Commission, shuffled the portfolios and gave his 16 fellow commissioners their jobs for the next two years.

Prior expectations inside the Eurocracy of histrionics and tantrums were misplaced. A mere ceremonial 15 minutes did the job because by last weekend the hard bargaining had been completed.

What has emerged is a reasonably balanced Commission, with a strong foreign and trade policy team, a marginally higher political profile, a pragmatic approach to competition and industrial policy, tight budgetary control, and little sign of priority being assigned to areas such as environment and social policy, which the previous executive had high hopes of developing.

Mr Delors, of course, remains the *primus inter pares* of the 17-member college. But now he is flanked by four or five political heavyweights, against two or three at most in the outgoing Commission.

The heaviest hitters will be Mr Hans van den Broek, until this week the Dutch foreign minister, and Sir Leon Brittan, until now in charge of competition policy and a former British cabinet minister under Mrs Thatcher.

They divide between them the job that overwhelmed Mr Frans Andriessen, the departing Dutch external affairs commissioner.

Mr Van den Broek, a Christian Democrat who chaired the council of ministers in the run-up to Maastricht and handled the early stages of the Yugoslav crisis, has two more big challenges. He will both develop the Commission's contribution to the EC's emerging common foreign and security policy, and be in charge of enlargement, opening negotiations next year on EC entry with Austria, Sweden, Finland, and probably Norway.

Sir Leon, one of the most powerful members of the last Commission, will be in charge of trade policy, and economic relations with the industrialised world, China, east and central Europe, and the former Soviet Union.

He had wanted charge of enlargement too. But the federalist majority of the 12 suspicious of the UK's attempts to "widen" the EC at the expense of "deepening" it - felt more comfortable with the integrationist Mr Van den Broek, even though Sir Leon's *communautaire* credentials are now well-established. Both men, however, are Atlanticist and free-traders, boding well for relations with the US. Senior Brussels officials say they themselves agreed on their share-out last week, and should be able to work in relative harmony.

Van den Broek: challenges

Van Miert: competition job

Brittan: powerful post

Mr Manuel Marin, a Spanish socialist, takes full charge of development and humanitarian aid, adding relations with the south Mediterranean, Middle East, Asia and Latin America to his previous responsibilities for the Lomé convention countries of Africa and the Caribbean.

Conventional wisdom yesterday was that the loser in this share-out was Mr João de Deus Pinheiro, the well-regarded former conservative Portuguese foreign minister. Formally he will be in charge of relations with a strengthened European parliament, and "with member states with regard to openness, communicaton and information". Mr Pinheiro, however, wanted this job and could bring a high political profile to selling the EC as a more democratic body which is responsive to its citizens – a sensitive task if the EC is to recover from its current unpopularity.

Competition policy goes to Mr Karel Van Miert, the Belgian socialist who can claim high credit for liberalising EC transport policy, and, after the departure of the flamboyant Mr Carlo Ripa di Meana, for preventing a wholesale roll-back of EC environment policy. Mr Van Miert is a pragmatic socialist like Mr Delors, with whom he is closely allied.

A transfer of the powerful competition portfolio was a top priority for France, which felt Sir Leon's approach was too doctrinaire, and impeded development of a French-style industrial policy.

Mr Van Miert's appointment does not mean such a policy is coming; it does mean pure competition will not be the overriding priority it was under Sir Leon.

MR Martin Bangemann, a German liberal who yet raged against Sir Leon's "ayatollahs" in the competition directorate, adds telecommunications and information technology to his industry portfolio. This falls far short of his ambition to create an EC version of Japan's Miti by adding trade policy to industry. But it gives a small fillip to efforts to develop an EC-wide industrial strategy. So too does the regrouping of part of training with basic research, under the new Italian socialist commissioner, Mr Antonio Ruberti, a former research minister and rector of La Sapienza University in Rome.

Mr Henning Christophersen, a Danish liberal, stays in the economic policy job he has done competently, which will become more important if Maastricht is now ratified, and economic and monetary union is reaffirmed as a central EC goal.

Mr Peter Schmidhuber, a German Christian Democrat, keeps control of the budget, adding the new Cohesion Fund for the poorer member states. But most of the new "cohesion" money will be managed at the regional policy directorate by Mr Bruce Millan, the former Labour secretary of state for Scotland, who stays in a job he has done with the quiet efficiency of a Scottish accountant.

Social affairs, which the Greek socialist and UK *bête noire* Ms Vasso Papandreou is vacating, goes to Mr Padraig Flynn, a former Fianna Fail Irish justice minister, along with a new job monitoring EC immigration policies.

Mr Flynn achieved notoriety at home for his views against abortion, divorce and on the role of women, and his appointment was greeted with reserve in the Brussels social affairs directorate.

Environment goes to Mr Ioannis Paleokrassas, a conservative former Greek finance minister. A senior official who will be working with him was sanguine yesterday, but pointed out that last time round his boss had to be revived with brandy on hearing of the appointment of Mr Ripa di Meana – who put environment policy on the EC map.

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Airbus clinches $3.3bn Singapore Airlines contract

By Paul Betts, Aerospace Correspondent

THE European Airbus consortium yesterday clinched a $3.35bn (£2.2bn) order from Singapore Airlines (SIA) for 20 of its latest A340-300 long-range widebody airliners, ending one of the toughest years in the aircraft maker's 20-year history on a positive note.

After fighting off a strong challenge from Boeing, Airbus said SIA had signed a contract involving firm orders for seven A340-300s and options for 13 more. The deal *included the cost of spares and spare engines, SIA said.*

The aircraft will be powered by CFM 56-5C4 engines jointly made by General Electric of the US and Snecma of France.

The announcement coincided with certification of the A340 yesterday by the European Joint Airworthiness Authorities, grouping 18 countries, after an intensive flight test programme. The US airworthiness authorities are expected to certify the aircraft in the next two months.

The SIA contract has partly offset *the blow to Airbus earlier this* month when Northwest Airlines, its biggest single customer, cancelled firm orders for 74 aircraft, comprising 24 A340s and 50 narrow-body A320s.

SIA says it intends to use its new A340s, which will be delivered between 1996 and 1998, to carry 271 passengers in three classes on long-distance routes such as Singapore-Paris that do not justify the larger Boeing 747-400 jumbo.

The A340 will enter commercial service for the first time next spring *with Lufthansa of Germany* and Air France. It has the longest range of any commercial airliner in the world, flying up to 9,000 miles with a full payload on 16- to 17-hour non-stop flights.

The European Airbus consortium, whose partners are British Aerospace (20 per cent), Aérospatiale of France (37.9 per cent), Deutsche Aerospace (37.9 per cent) and Casa of Spain (4.2 per cent), reached a preliminary agreement with SIA for the A340 order in August 1991.

SIA had originally planned to buy *McDonnell Douglas MD-11* three-engine airliners, but decided to switch to Airbus because it said the MD-11 did not meet its range and payload requirements.

However, SIA delayed completing the deal with Airbus partly because of concerns about the A340's long-distance capabilities. This encouraged Boeing to bid for the SIA deal with its new 777 twin-engine widebody airliner.

But after some adjustments to the aerodynamics of the A340, Airbus appears to have satisfied SIA's range *and payload requirements.*

The European consortium is now stepping up its challenge to Boeing's dominance of the large long-distance airliner market with the four-engine A340 and its sister aircraft, the twin-engine A330.

The SIA deal was regarded as particularly important because the airline is one of world's most profitable, and is based in one of the few markets which has continued to show sustained growth during the air transport industry recession.

Japanese urge US to become less litigious

By Robert Thomson in Tokyo

A SENIOR advisory body established to redefine the economic relationship between Tokyo and Washington delivered a final report which urged the US to overhaul its education system, become less litigious, and improve corporate management.

The Council on Japan-US Economic Relations, comprising prominent Japanese academics and executives, also proposed a new economic policy council be set up to supersede the bilateral Structural Impediments Initiative, designed to remove "structural" obstacles to trade.

In the report to Mr Michio Watanabe, foreign minister, the council suggested the two countries study their trading patterns, and Japan "frame a theory" to explain its positive business practices, such as long-term planning and worker management.

The ministry intends to use the document to review its US policy, and will present the recommendations to other ministries, as the council conceded Japanese decision-making lacks transparency and the distribution system needs reform.

Several US deficiencies were described. The council suggested policies be considered to encourage personal savings and capital spending, and improve the patent system, said to offer "excessive" protection and hurt competition. The council, which includes Mr Akio Morita, Sony chairman, and officials from the Bank of Tokyo, Mitsubishi Corporation and Toyota Motor, gave reasons why Japan has been unable to exercise political influence equal to its economic might.

"For Japan to take the initiative in fulfilling its new role as a responsible international leader, it is vital reform be implemented in the Japanese political and administrative systems. A revolution in people's thought at grass root is required, since leadership in external relations must go hand in hand with leadership in the domestic sector." Japan and other countries feared that in rebuilding its economy, the US might focus "narrowly" on its own interests.

Japanese prosecutors have decided not to lay charges against 60 MPs from the ruling Liberal Democratic party who received shares in an illegal Y500m (£2.65m) donation from Tokyo Sagawa Kyubin, a scandal-tainted trucking company, Robert Thomson reports from Tokyo. The prosecutors' decision appears to close the case book on the Tokyo Sagawa scandal, which has already seen the resignation of Mr Shin Kanemaru, the LDP's godfather, and highlighted the links between leading politicians and gangsters.

The foreign ministers of South Korea (left) and Vietnam sign documents yesterday at the government guest house in Hanoi to establish formal diplomatic relations

SOUTH KOREA AND VIETNAM ESTABLISH DIPLOMATIC LINKS

THE establishment of diplomatic relations yesterday between Seoul and Hanoi removes the main obstacle to expanding Korean investment in Vietnam, writes John Burton in Seoul.

Vietnam is the last country with which South Korea has forged ties as part of President Roh Tae-woo's policy to normalise relations with current and former socialist nations.

South Korea had delayed establishing formal relations with Vietnam in deference to US wishes that the issue of missing American soldiers during the Vietnam war be resolved. More than 310,000 South Korean troops were involved in the war against Hanoi.

Seoul, however, has allowed Korean companies to make limited investments in Vietnam. There are more than 30 Korean concerns with branch offices in Vietnam. Authorised Korean investments totalled $84.4m (£55.5m), making South Korea Vietnam's seventh-largest foreign investor.

Trade has also expanded from $77m in 1988 to more than $440m this year, making Vietnam Korea's third largest trading partner in the former socialist bloc after China and Russia. The trade surplus is heavily in Korea's favour.

Analysts believe that Vietnam will compete against Indonesia and Thailand for Korean investment in south-east Asia in the next few years.

"We prefer to invest in countries, such as Vietnam and Myanmar [Burma] in south-east Asia, where the Japanese are not dominant," explained Mr Bae Soonhoon, president of Daewoo Electronics.

Medium-sized Korean textile and toy producers have so far been among the biggest investors in Vietnam.

Korea's leading industrial groups are awaiting the lifting of US economic sanctions against Vietnam, which will permit international financial institutions such as the World Bank to provide credit for infrastructure projects.

All of Korea's big construction companies are seeking contracts to build or repair roads and port facilities.

Air crash in Libya leaves 157 dead

A LIBYAN Boeing 727 crashed yesterday, killing all 157 people aboard, official sources said, Reuter reports from Tunis. An official at Tripoli airport said the aircraft was on a domestic flight to Tripoli from the eastern city of Benghazi.

Libyan Arab Airlines flight 1103 crashed at 10.07am local time, the official news agency Jana said.

Foreigners were among the dead, the agency added. Neither Jana nor the airport official could say how many.

Troops move on two Somali towns

About 1,000 US Marines and French troops rolled out of Mogadishu yesterday to secure two more towns in Somalia's starving interior for Christmas Day, Reuter reports from Mogadishu. At the same time the US Task Force command in Somalia said fewer American troops would be required in Operation Restore Hope than originally expected.

The Christmas push was confirmed by a US spokesman, who said the American-led multinational force in Somalia would enter Bardere tomorrow, and secure Hoddur at first light on Christmas Day.

Mr Boutros Boutros Ghali, the United Nations secretary-general, again called on Washington to disarm warlords and gangs in Somalia and said American troops should fan out through the country and not limit themselves to the hunger zones.

Opposition backs Kenya poll charges

Kenya's opposition yesterday stepped up the row over allegations that the government is using state funds for the election campaign of Kanu, the ruling party, writes Michael Holman in Nairobi.

The charge has been denied, but FORD Kenya, one of the country's three main opposition parties, returned to the attack, challenging the government to publish a breakdown of central bank lending.

The party has accused the central bank of excessive lending to five banks with government connections, which in turn allegedly on-lent to organisations or individuals sympathetic to Kanu.

Bush and Yeltsin discuss N-pact

Presidents George Bush and Boris Yeltsin held their second telephone conversation in two days on Monday to try to nail down a treaty making deep cuts in strategic nuclear weapons, US official sources said yesterday, Reuter reports from Washington.

"It's getting there. It's not a done deal yet but it's getting there," one official said of prospects for agreement on a new strategic arms reduction treaty (Start-2) before Mr Bush leaves office on January 20.

Mr Yeltsin surprised Washington last week when he said a Start-2 agreement was in hand and would be signed before Mr Bush hands over power to President-elect Bill Clinton.

Murder verdict in US-Mexico drug case

The brother-in-law of former Mexican president Luis Echeverria has been found guilty of conspiring to murder Mr *Enrique Camarena, an official* of the US Drug Enforcement Agency (DEA), in a case that led to a sharp dispute between Mexico and the US, Damian Fraser writes from Mexico City.

Mr Ruben Zuno Acre was tried with the Mexican doctor Mr Humberto Alvarez Machain, who had been kidnapped by agents working for the DEA in 1990 to face charges in the US. The case against Dr Alvarez Machain was dismissed by the judge last week. The kidnapping of Mr Alvarez Machain and subsequent trial infuriated the Mexican government.

Collor defence

The head of the impeachment proceedings against Brazil's suspended president Fernando Collor de Mello named a former attorney general yesterday to defend him after Mr Collor forced a week's delay in his Senate trial, Reuter reports from Brazilia. Supreme Court President Sydney Sanches, who is overseeing the impeachment, named Mr Inocencio Martires Coelho as Collor's new defence attorney and put off his trial for a week.

Hungary steps up sell-offs

By Nicholas Denton in Budapest

THE HUNGARIAN government intends to follow up on the success of its latest two privatisations with up to 20 more launches next year, a minister announced yesterday.

The privatisation authorities plan in 1993 to float 10 to 20 state companies, including Matav, the national telecommunications utility, said Mr Tamas Szabo, privatisation minister.

The authorities' affection for popular privatisation comes as a political reaction is gaining force against the predominance of foreign investors, which have provided 70 per cent of Hungary's Ft67bn ($810m) privatisation proceeds in the year so far. Nevertheless, Mr Szabo admitted yesterday that few Hungarian companies were suitable candidates for the Budapest stock market.

The other prong of the conservative government's privatisation strategy is therefore to allow the Hungarian public to purchase on easy terms run-of-the-mill companies which cannot be floated.

Mr Szabo said the government had decided to stimulate domestic investor interest in privatisation by opening to the public a low-rate and long-maturity "existence" credit facility.

The new wave of privatisations has gained impetus from the share offering this month of Dannbius, a hotel chain, and Pick, Hungary's leading salami producer, and their unexpected success.

The popularity of the Danubius issue in particular showed to the Hungarian authorities *that tax preferences, easy* payment terms and bonus shares could draw the public to invest in privatisation.

- The first round of Czechoslovakia's ambitious privatisation scheme was a success with nearly 93 per cent of available shares sold, officials said yesterday, Reuter reports from Prague.

Some 21.55m shares (7.2 per cent) remained unsold from the 299.39m offered early in the year when the scheme started with 8.54m people, more than half of Czechoslovakia's population of 15m, participating.

Court rejects appeal to reverse Israeli expulsion of Palestinians

By Hugh Carnegy in Jerusalem and Michael Littlejohns in New York

ISRAEL'S High Court last night rejected appeals to force the government to reverse its expulsion of 415 Palestinians to Lebanon as the army again threatened to open fire if the deportees made further attempts to return to Israeli-held territory.

A seven-judge panel ruled against petitions from civil rights lawyers that Israel had a responsibility to take back the alleged Islamic fundamentalist militants because Lebanon had refused to accept them, and because their lives were in danger as they were stranded in no-man's land between Israeli and Lebanese forces.

The decision was not a surprise. But Mrs Hanan Ashrawi, the Palestinian spokeswoman, said it was a further "heavy blow" to Middle East peace talks which the Palestinians say they will boycott until the deportations are reversed.

Mr Hosni Mubarak, Egyptian president, said he regretted the deportations but said the peace talks should continue.

In New York, Mr Boutros Boutros Ghali, UN secretary-general, said he would send Mr James Jonah, an under-secretary general from Sierre Leone, to Israel for talks and Israel later said it would accept the mission.

The deportees yesterday returned to the makeshift camp they set up soon after they were expelled last Thursday. Lt-Gen Ehud Barak, the army chief of staff, told the High Court they could face warning shots if they tried to return to Israeli lines. Extra Israeli troops were sent to the area and the road to Israeli-occupied areas of south Lebanon was mined and blocked.

Mr Yitzhak Rabin, the prime minister, told a meeting of the Knesset foreign affairs and defence committee that he had authorised the use of live fire, which reporters at the scene said injured at least two of the deportees. "To the best of my knowledge, not one person was hurt," Mr Rabin asserted.

He will today come under pressure from ministers to take balancing measures to offset the damage to Middle East peace talks caused by the deportations row.

Top Labour party figures will hear calls for Mr Rabin to start an unprecedented direct dialogue with the Palestine Liberation Organisation. Mr Rabin is unlikely to sanction talks with officials from the PLO's Tunis headquarters but he might consider talks with Mr Faisal Husseini, the senior PLO-associated figure in the occupied territories who has been barred by Israel from attending the peace talks.

IMF expects decline in world economic growth

By Michael Prowse in Washington

THE International Monetary Fund yesterday responded to fresh evidence of global economic weakness by sharply revising down its growth projections for next year.

Its latest figures show industrial countries growing at only 2 per cent next year, nearly a full percentage point slower than estimates made in September.

Most of the downward revision reflects the IMF's growing pessimism about the outlook for Japan and Europe. Japan is now expected to grow by only 2.4 per cent against a previous projection of 3.8 per cent. EC growth has been revised down to 1 per cent from 2.3 per cent.

The biggest single revision was for Germany, which is now expected to grow at 0.6 per cent rather than 2.6 per cent.

The US remains a bright spot with projected growth of 3 per cent, a reduction of only 0.1 percentage points.

Staff said the revisions reflected a reassessment of the negative impact on private spending of falling asset prices, adverse effects of persistent high real interest rates in Europe and Canada, and uncertainty in European exchange markets.

The US National Bureau of Economic Research yesterday declared the recession ended in March 1991, eight months after it began in July 1990, Michael Prowse reports. It delayed its decision until yesterday's revised figures from the Commerce Department showing that the economy had surpassed its pre-recession peak. The figures confirmed real gross domestic product growth at an annual rate of 3.4 per cent in the third quarter compared with a previous estimate of 3.9 per cent.

Australian satellite vanishes

By Daniel Green in London, Kevin Brown in Sydney and Yvonne Preston in Beijing

A $140m (£92.1m) satellite disappeared shortly after it was launched from south-west China on Monday. The loss endangers part of Australia's communications infrastructure and renews doubts over the capabilities of China's fledgling commercial launch industry.

The Chinese Aerospace Ministry said the loss was caused by "a satellite problem, not a launching problem". China was "not responsible for the loss of the satellite". But the Californian builder of the satellite, Hughes Aircraft, said it had not ruled out a fault in the launch.

Inquiries have been set up in China and California which could take several weeks to report conclusive findings. A finding against China could smother its recently successful efforts to win western contracts by offering cut-price launches.

Optus Communications, the *Australian telecommunications* carrier that owned the satellite, needed it to replace one launched in 1985. It would have provided direct TV broadcasting, mobile and data communications and video conferencing.

Mr Ian Boatman, Optus chief operating officer, said disruption to users would be minimised by re-allocating capacity on existing satellites. But Australian analysts said the loss would reduce Optus' ability to compete in the Australian mobile phone market, and reduce the quality of service available to its broadcasting, defence and civil aviation customers.

The loss could also force the postponement of plans to introduce subscription TV in Australia if the launch of a replacement satellite is delayed more than 18 months. Optus is owned by BellSouth of the US, Cable & Wireless of the UK, and Mayne Nickless, the Australian transport group.

It was licensed to compete with AOTC, the government-owned telecoms carrier, after it bought Aussat, the government's loss-making satellite operator.

Pattern of early appointments displays a determination to follow his own counsel

Clinton shows himself ready to pass over liberal special interests

By Jurek Martin, US Editor, in Washington

THOSE who thought Bill Clinton would be a pushover for every liberal special interest group in America have been given a sharp reminder that the president-elect is more than capable of following his own counsel in choosing the senior members of his new government.

This was made very clear on Monday afternoon when he sharply attacked women's groups for complaining that *his cabinet-to-be was failing to live up* to his promise that his government would be "more like America" in its representation of women and ethnic minorities.

Mr Clinton accused his critics of being "bean counters," more interested in "quota and maths games" than in getting the most qualified people in the right jobs. He took particular satisfaction in the fact that his energy secretary-designate, Mrs Hazel O'Leary, the black vice president of a Minnesota-based power utility, appeared on none of the lists of recommendations sent to him by women's and black groups.

He was also incensed that insufficient credit was being accorded to his selection of two women among his first appointments – Ms Laura Tyson to chair the White House Council of Economic Advisers and Ms Carol Browner to run the Environmental Protection Agency. "They would have been counting those positions against our administration. . .if I had chosen white men," he said.

Mr Clinton also flatly denied that he had succumbed to pressure from special interest groups in not appointing, as at one time was expected, Mr Tim Wirth, *the outgoing Senator from Colorado, to* the energy position. Mr Wirth, who issued a dignified statement praising the appointment of Mrs O'Leary and who may yet be in line for a foreign policy post, would be welcome in his government, the president-elect said.

Republicans in the Senate have promised tough confirmation scrutiny of Clinton appointees, in part in revenge for the rejection by Democrats in 1989 of the late Senator John Tower to be President Bush's first secretary of defence. Some vicious and unsubstantiated rumours about Mr Wirth's connections to the cable television and savings and loans industries have been circulating in Washington.

Mr Wirth himself, who had established a substantive legislative record in Washington as congressman and senator for 18 years, was taking a philosophical view of his non-appointment on Monday night. It is possible that the energy department was not his first choice in any event.

A striking aspect of the new Clinton team is the extent to which it mixes Washington experience with outside talent, with many of the latter members enjoying long and close relations with *either the president-elect or his wife,* Hillary.

This is certainly the case with Mr Richard Riley, the former governor of South Carolina picked to be secretary of education. Mr Riley and Mr Clinton cut their spurs together as southern governors from 1979 onwards. Equally, Ms Donna Shalala, who will run health and human services, has worked closely with Mrs Clinton on such issues as children's rights.

Nevertheless, the "more like America" pledge is a petard on which some would like to see Mr Clinton remain hoisted. Of his first 13 appointments, not all of whom have Cabinet rank, five are women, two are black, including a black woman, and one is Hispanic. A woman is likely to be the next attorney general and another Hispanic appointment is in the offing, according to Mr Clinton himself.

Hazel O'Leary speaking after her nomination on Monday night

Call to open mines rebuffed by Heseltine

By our industrial and political staff

MR MICHAEL HESELTINE, trade and industry secretary, yesterday rebuffed calls for mining to re-start at 10 coalmines facing immediate shutdown – in spite of the High Court ruling this week that the closure plan had been conducted unlawfully.

He said the High Court had been concerned about the, "independence of the consultation process that is underway". British Coal, which is considering whether to appeal against the judgment, said there was no requirement to resume production at the ten pits.

Mr Heseltine's political embarrassment continued as rank and file Conservative MPs made clear that the government could not afford further mishaps in its energy review on which the future of a total of 31 pits depends.

Sir Rhodes Boyson, Tory MP for Brent North, said: "The government's reaction to the High Court judgment on the closure-threatened pits must centre on the need, at a time of heavy and increasing unemployment, to save all viable mining jobs."

Mr Paddy Ashdown, Liberal Democrat centre party leader, joined opposition Labour party calls for the trade and industry secretary's resignation, saying that the court ruling went to the heart of Mr Major's approach to government. "After 14 years in power, the Conservatives are perverting the very system which made their power possible," Mr Ashdown said.

Labour, which is pressing for the 10 pits facing immediate closure to be included in the government review, said it was winning the battle for public support. Mr Robin Cook, opposition trade and industry spokesman, delivered to Downing Street a 600,000 name petition calling for the pit closure programme to be reversed.

British Coal said it was considering how to comply with a High Court requirement that greater independence be given to the procedures for assessing pits before shutdown. It said 5,460 miners have applied for redundancy since October 13, receiving average compensation of £25,000 each. But the redundancy rate is slowing, and unions hope that this week's ruling will stop it altogether.

Mr Mark Stephens, lawyer for the National Union of Mineworkers, said Mr Heseltine had "made a fatal mistake by his incredibly high-handed behaviour."

The 113 miners at Betws colliery, south Wales, the only one of the 10 most threatened pits still producing coal, will today do their final shift before the holiday break, but now hope to resume work in the New Year.

Mr Mike Reynolds, NUM lodge secretary, said the High Court decision had given the pit "a further breathing space to prove this is a viable pit, producing anthracite coal for which there is a very good market."

The struggle for power under the Channel

The UK government may find it difficult to resist taxing French power sales despite the single market, writes David Lascelles

A POPULAR solution to the coal crisis is to shut off the cross-Channel cable which enables Electricité de France, the state-owned French utility, to sell power into the UK grid.

The attraction is that France's exports are equivalent, by the estimates of British Coal, to 6-7m tonnes of coal a year.

By a rough rule of thumb, that is the output of six or seven pits, or 6,000-7000 miners. Moreover, EdF is widely thought to enjoy state subsidies which give it an unfair advantage over UK sources of fuel which have to operate unaided.

Mr Michael Heseltine, the trade secretary who is reviewing the controversial pit closures, has promised to look at the French interconnector, so he may act to alter its role, though his scope for action is not as wide as the coal lobby seems to believe.

The interconnector was opened in the early 1980s with a capacity of 2000MW – about the size of two large power stations. The intention was to enable the British and French electricity grids to balance out peaks in demand. But EdF was more aggressive than the former state-owned Central Electricity Generating Board, and by the late 1980s the traffic became largely one-way.

When the UK electricity industry was privatised in 1990, EdF became a member of the electricity pool – the market through which bulk power is sold in the UK. It also negotiated individual contracts with all 12 of the regional companies in England and Wales, and one Scottish company.

These arrangements expire next March. And there is pressure from the British side to prevent EdF negotiating new ones. The Coalfield Communities Campaign (CCC), one of the most active pro-coal lobby groups, demanded at the House of Commons select committee inquiry last month that base-load electricity imports be stopped and the link be reduced to a peak balancing role. The CCC also raised allegations that EdF was dumping electricity on the UK market.

Other lobbyists have called for the link to be used to export UK electricity to France and countries beyond. A reversal of the flow through the link could create demand for an additional 15m tonnes of coal, they argue.

But EdF has begun to mount a counter offensive. Earlier this week, its head of European sales, Mr Jean-Pierre Guery, was in London for talks. He said EdF intended to go ahead with negotiations for new contracts, and he rejected suggestions that his company was able to sell electricity at subsidised prices.

One of his main arguments was that EdF's sales help keep UK electricity prices down. So cutting the link would only damage the UK consumer. Nor would banning imports necessarily lead to more coal being burnt. This is because the south of England, where the French connection is made, depends heavily on oil-fired stations. Although the English grid draws on all power stations, there is a bottleneck between the coal-fired stations in the north and the heaviest demand in the south.

The main question Mr Heseltine will have to address is whether the UK even has the right to ban imports. The EC's single market officially comes into being on January 1, and it would be hard for the UK to erect a barrier to electricity, particularly since it has been one of the champions of a single market in energy.

Mr Guery, moreover, pointed out that the original agreement creating the link gives EdF contractual rights which it would seek to protect. Nor was Mr Guery encouraging on the prospect for UK electricity exports. He said that UK generators were unlikely to be able to price competitively in the French market. Nor could they export through France to third countries because the transit costs would be too high. But he did foresee the link resuming its balancing role eventually.

Although EdF seems intent on keeping the traffic one way, at least for the time being, there is little the government can do about it without triggering a major diplomatic incident. One measure does, however, seem likely.

At the moment, French electricity is not subject to the nuclear levy – the 10 per cent tax on electricity bills to pay for decommissioning nuclear power stations. EdF's critics say that EdF can charge prices which reflect the levy, but pocket the difference.

Mr Guery denies that this happens. But the lure of subjecting French sales to extra taxation is one Mr Heseltine will almost certainly not be able to resist.

● THERE WAS confusion last night over plans for the UK's largest orimulsion-burning power plant after the plant's owners denied a statement by the pollution authorities that they had withdrawn their application for authorisation.

Her Majesty's Pollution Inspectorate said that National Power had withdrawn an application to burn orimulsion – a by-product of bitumen – at its Pembroke plant. National Power said it was seeking more time to respond to an earlier HMIP call for stronger environmental safeguards. A spokesman said NP was still investigating the commercial prospects for orimulsion.

Leading members of the opposition Labour party - Glenda Jackson (left), Robin Cook and Dennis Skinner – yesterday delivered a petition to No 10 protesting at the government's pit programme. The petition, signed by 600,000 people, was delivered in coal sacks

Plastic card groups cleared

By John Gapper, Banking Correspondent

CREDIT and debit card companies operators have escaped an investigation by the Monopolies and Mergers Commisson into the fees they charge retailers, but face further scrutiny by the director general of fair trading.

Sir Bryan Carsberg, the director general of fair trading, announced yesterday that he had decided not to refer credit and debit card markets to the MMC. He said he would himself inquire into three possible unfair practices.

The decision was welcomed both by banks and the retailers who have made a series of complaints about charges over the past two years. The most recent complaint over debit card charges was made by five supermarkets this summer.

Sir Bryan said that Office of Fair Trading inquiries had not found collusion over increases in fees among the banks which issue credit and debit cards. Nor was there evidence that the issuing banks were making excess profits.

The most recent controversy over debit card charges was sparked in June when Asda, Gateway, Safeway, J. Sainsbury and Tesco complained about a rise in the fee charged on each Switch card transaction from about 5p to 11p.

The fee charged on credit card transactions has narrowed to about 1.5 per cent of each purchase for big retailers because of increased competition among banks to carry out processing. This followed the 1989 MMC report on credit cards.

Sir Bryan said he would review the workings of the credit and debit card markets in two years. Meanwhile, he would inquire informally into three practices:

● Retailers have to honour all credit cards of brands such as Visa and Mastercard, and are also subject to minimum fees on some transactions. Sir Bryan said he was concerned that this might mean "inflexible and unresponsive" pricing.

● Although retailers can charge different prices for purchases made by credit cards rather than cheques or cash, this cannot be done for debit and charge cards. Sir Bryan said this seemed "an anomaly" and he would ask if it could be removed.

● Only banks are allowed to act as the "merchant acquirers" who carry out card processing and transactions on behalf of retailers in return for a fee. He said he would ask if more merchant acquirers could enter the market.

Mr Colin Smith, chairman of the committee of retailers which complained about debit card pricing in June, said the retailers looked forward to co-operating in the inquiries he had proposed.

Britain in brief

Cable group forms venture with Japanese

BICC, the UK cables manufacturer, has formed a company with Furukawa Electric and Nippon Telegraph of Japan to make optical components for European telecommunications markets.

The company, Europtics, will operate from Knowsley, Merseyside. About 30 people will be employed when it opens next September but more than 120 jobs are forecast by the end of 1995.

The government has announced regional assistance of £900,000 for the project. The companies are refusing to disclose the total value because of a commercial confidentiality agreement with the Japanese partners.

Rifkind backs Ulster ceasefire

The government is looking for a permanent IRA ceasefire and not just a Christmas truce, according to Mr Malcolm Rifkind, defence secretary.

The vast majority of people on both sides of the IRA border he said, yearned for a complete end to the violence. Speaking in Belfast, Mr Rifkind, who had talks with the Lt Gen Sir John Wilsey, and soldiers based in the province, said: "What we are really concerned about are not temporary ceasefires, but a permanent one. A permanent end to violence."

Confidence 'on increase'

Confidence among UK business leaders has surged in the last two months, according to the Institute of Directors, although the improvement has only restored optimism to the same levels recorded a year ago.

An IoD business opinion survey conducted in November and December shows that 38 per cent of directors say they are more optimistic about the economic outlook, compared with only 10 per cent in October. The IoD called for a further cut in interest rates to help "build on the foundations" for recovery.

Protest action likely at TSB

The Banking, Insurance and Finance Union said that it expected to call industrial action in TSB after employees voted to protest at the loss of 840 jobs from the merger of its insurance and retail banking operations.

The vote in favour of industrial action was 7,169 to 2,172, out of the 19,000 Bifu members balloted. TSB, which has 25,000 employees, was yesterday negotiating with the union on ways of avoiding strikes in its branch network.

Conference on market-testing

The Cabinet Office is inviting senior business executives to a conference in London next month to encourage them to bid for the £1.5bn of central government services to be put out to tender before the end of September.

Under the market-testing programme launched last month, more than 44,000 civil servants will have to compete for their jobs against bids from the private sector.

The government expects to make savings of 25 per cent of the value of the services put out to tender, even when the contract is won by the existing staff.

Workers get festive bonus

Employees of Britain's Automobile Association working on Christmas day will receive four times their normal pay rates.

Other companies provide a mix of higher pay and compensatory time off for workers over the festive season, according to a survey of practices in 80 companies on issues including holiday pay, compensation for working on public holidays, restrictions on the timing of holidays and carrying over unused entitlement from one year to the next.

Insurance broker fined

Fimbra, the insurance brokers' regulator, has imposed a fine of £25,000, one of its biggest ever, on a broker which had specialised in risky "home income plans" for the elderly.

The company, Aylesbury Associates, has not traded since July last year, when its membership was suspended. It quoted pensioners annual growth rates of 15 to 25 per cent, which were far in excess of prevailing regulations, and were not achieved.

Salmon nets to be phased out

The centuries–old tradition of drift net fishing for salmon off England's north east coast is to be phased out.

The National Rivers Authority was invited by the Ministry of Agriculture, Fisheries and Food to draw up plans to phase out the 143 drift net salmon licences between Holy Island in Northumberland and the Humber Estuary.

Europe minister will resign

By Ralph Atkins

MR TRISTAN Garel-Jones, the foreign office's minister for Europe who has played a central role in heading off Tory Euro-sceptics' attacks on the Maastricht treaty, is to resign next year.

Mr Garel-Jones has a low public profile but is a close political ally of Mr John Major, who, in the past year, has seen two other allies leave Whitehall – Mr Chris Patten, now governor of Hong Kong, and Mr David Mellor, former National Heritage secretary.

He announced his unexpected decision last night, telling the prime minister in a letter that, "you have known for some time that I hanker after a change".

His decision is a setback for Mr John Major who has suffered a bruising parliamentary session since April's general election.

Mr Garel-Jones is an expert authority on the contents of the Maastricht treaty and, from his past job as a government whip (in charge of party discipline), on tactics for its ratification by Parliament. However, he will remain in office until the bill has completed its Commons' stages – probably in late Spring.

Whitehall colleagues in the government administration and officials were adamant last night that Mr Garel-Jones' was genuine in his wish to pursue other interests. Before joining the Foreign Office in 1990 he was a government whip for eight years, often working gruelling hours. He remains MP for Watford, just north of London.

For anti-Maastricht MPs his decision was not a cause for much regret. Mr Bill Cash, Tory MP for Stafford, said Mr Garel-Jones was a "formidable adversary".

The decision to make the announcement last night makes clear Mr Major's decision not to reshuffle his Cabinet or lower ministerial ranks until after January at the earliest.

Mr Garel-Jones told the prime minister in 1991 that he wanted to return to the backbenches after the general election. He was persuaded to stay for Britain's European Community presidency and the build up to the Edinburgh EC summit – and now for a few months longer because of delays in ratifying Maastricht.

In his letter, Mr Garel-Jones wrote: "I want to spend more time at home and in my constituency. I also hope to resume some of my personal interests – even perhaps buy some more pictures."

Replying, Mr Major said: "Your contribution at the Foreign Office, especially during the British presidency, has been immense, and played a considerable party in the outcome at Edinburgh last week."

Deficit widens after devaluation

By Peter Marsh, Economics Staff

THE rising costs of imports resulting from sterling's devaluation led to a sharp increase in the visible trade deficit for November, the Central Statistical Office said yesterday.

The worsening in the deficit was offset by record exports, indicating many manufacturers are holding their own in world markets in the face of difficult trading conditions.

In terms of underlying volumes, which strip out the effects of price changes, revised figures from the CSO indicate that imports are rising more slowly than had been thought a month ago. This raised hopes that the pace of the recent deterioration in the trade deficit may be slackening.

November's seasonally adjusted deficit on merchandise goods and oil – the visible trade gap – was £1.39bn, compared with a revised £1.16bn in October. Last month's figure was the highest since July 1990.

Taking into account an assumed £200m surplus on invisible trade – services, bank transactions, dividends and other transfers – the deficit on the current account in November was £1.19bn. That compares with a revised £955m for October, and is the biggest monthly number since April.

In November, the value of imports was £10.57bn, 2.7 per cent higher than the figure in October of £10.29bn. The November import bill was the highest for 31 months.

Exports rose in value last month to £9.18bn, 0.5 per cent higher than the corresponding value in October of £9.13bn.

In the three months to the end of November, the current account deficit was £2.78bn, after £2.46bn in the June-August period. The current account deficit for the first 11 months of the year stands at £10.28bn, compared to £6.32bn for the whole of last year.

Do you keep your head when all around are losing theirs? Michael Cassell takes a trip to the pantomime

Goose that lays the golden egg

Take a thigh-smacking principal boy who happens to be a girl, a balloon-bosomed matron who turns out to be a man, a stage-trained spaniel and a string of sausages and what have you got? — a traditional British pantomime.

The challenge of mounting one of the dozens of pantos now showing daily the length and breadth of the country may appear no different from putting on a conventional stage production.

But the seasonal task of whipping up a slapstick mix of old chestnuts and oven-fresh farce would certainly test the organisational skills – not to mention the patience – of any corporate manager.

Given a sales team (cast) usually entirely unknown to each other, a product (storyline) which changes shape by the hour and an immovable launch deadline (first night), putting on Puss in Boots can be anything but a pantomime.

Not surprisingly, some pantophiles insist that, to do the job well, the producer requires an extra-special characteristic.

"I call it certifiable lunacy," says Sheron French, a part-time teacher who has organised amateur pantos in Birmingham for so long she claims she gave Dan Leno, the famous 19th century dame, his (or was it her?) first break.

"If you can keep your cool, control a mob of budding prima donnas and still please the customers, then I suppose you could run ICI," she cheerily volunteers.

Amateur or professional, the *same panto production hurdles* have to be jumped and everyone has to complete the course simultaneously. "We actually had only half a horse one opening night. The caretaker stepped in and didn't put a foot wrong," French recalls.

Impressive logistical skills are required to co-ordinate the roles of performers, technicians and support staff, while the theatrical excesses which threaten to blow a raspberry at the budget have to be curbed.

The roll-call of producers' nightmares have included an outbreak of chicken pox on first night, a high-wire act involving a dangerously heavy Peter Pan and any number of incontinent animal acts.

Although she has no panto this year – "don't blame the recession, its because too many people are going away on holiday" – French ridicules the idea that panto is as washed up as Widow Twanky.

Its detractors, however, claim that panto is dying on its feet, the victim of three-foot high sophisticates who spurn Basil Brush in favour of Sonic the Hedgehog. Not *that pantomime is just for children*, with many an adult using youngsters as an alibi for a seat.

Pantomime began to emerge as an art form in the early 18th century. Serious theatre was then often mixed with mimed scenes and dances played by characters from the Italian tradition of masked comedy, *commedia dell'arte*.

This developed into full-length harlequinades and, finally, into pantomime, offering hours of knockabout fun and weeks of employment for popular music hall artistes.

While many of the elements of British pantomime were originally imported from Europe, it has today become an almost exclusively British affair.

No-one knows why it has survived so long, though writers like John Morley – a master of the art with 200 panto scripts under his belt – attribute its appeal to an ever-changing blend of traditional storylines and contemporary characters capable of remaining relevant in an age of television and pop celebrity.

Amateur panto appears to be in rude good health. Audiences can run into several thousand for the most ambitious productions, which might cost several thousand pounds to put on. Charities are usually the beneficiaries of any profits.

The total absence this Christmas of panto in London's West End is being cited as supporting evidence by those who say its days are numbered. But within booing and hissing distance of theatreland, avid panto fans can find Dick Whittington, Aladdin, Peter Pan, Cinderella and Jack and the Beanstalk.

This season, promoter Paul Elliott reckons that up to 1m children will watch the 20 pantomimes he is staging around the country, like Aladdin at the Birmingham Hippodrome.

Commercial pantomime is no laughing matter. It can offer its stars (nowadays heavily drawn from television and the world of sport) very high pay – maybe thousands of pounds a week – for two shows a day, six days a week. A big *show can cost well over £500,000 for* an eight-week run, half meeting cast costs and the balance going on other production overheads.

Pantomime is no laughing matter for actors: Trevor Bannister (left), Mother Goose and Dinsdale Landen

But can pantomime continue to survive in a world less readily entertained by awful puns and hammy one-liners? They will certainly have to compete increasingly with a new breed of family shows offering children and adults a more thoughtful evening out.

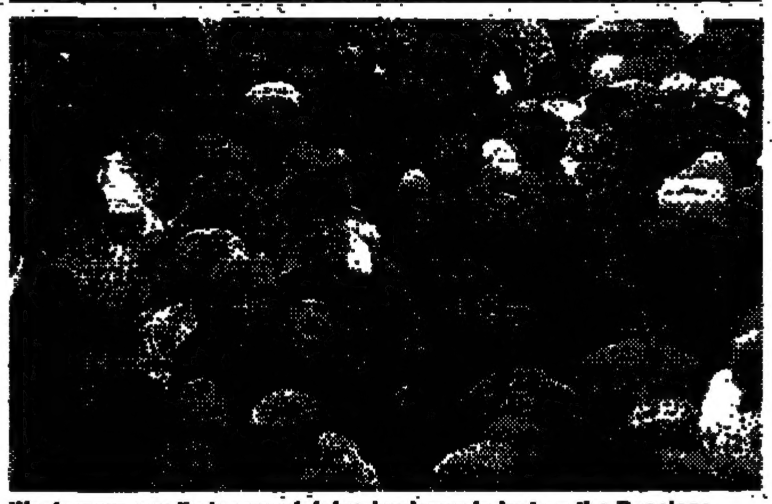
Clarion Productions, formed by James Woods and Justin Savage and run from their homes in London, has already staged two successful West End productions offering a taste of what is to come.

Their current show, "The Witches" at the Duke of York's, attracted big opening advances and has a larger budget than the average West End show. Adapted from a Roald Dahl story, it is imaginative kids' stuff out of the non-panto stable.

David Wood, the producer, believes that traditional pantomime is no longer in tune with what modern families want: "It is essential that we recognise that children are our most important audience and deserve the best we can give them.

"If we bore, under-estimate or patronise them, we will have only ourselves to blame if, in the future, live theatre withers and dies."

So is pantomime all washed up or not? Altogether now: "Oh yes it is!" – "Oh no it isn't!".



Westerners say their way of doing business is lost on the Russians

To Russia with no love lost

Andrew Jack reports on a gulf of misunderstandings

The recent political upheavals in Russia have added to the uncertainty about the future of western investment in eastern Europe. But ask *corporate executives in the* west about joint ventures in eastern Europe and they are as bullish as ever. Ask their managers on the ground – let alone their eastern partners – and the view is different.

After several years of experience of east-west joint ventures, many companies have had their expectations dashed, according to a survey from Deloitte Touche Tohmatsu, the international accountancy network.

Western managers in headquarters of companies with joint ventures said they would recommend them. But only two-fifths of their eastern partners and one-third of their own managers based in the east agreed.

Deloitte interviewed more than 168 companies with joint ventures or direct foreign investment in Bulgaria, Czechoslovakia, Hungary, Poland, Romania and Russia.

The key business problems identified in the east were the banking system, telecommunications, fiscal laws and lack of market data.

The most significant staffing problems were management and language skills, followed by the absence of the profit motive, salaries and the work ethic. Eastern partners consistently rated these less important hindrances than western partners.

Western managers complained about their partners' lack of understanding of the western way of doing business and the lack of finance; easterners said the westerners lacked understanding of local conditions and had excessive short-term expectations of profit. Part of the difference may be explained by their varied objectives. Eastern partners said they entered joint ventures mainly to gain access to new products and capital. Westerners rated local market knowledge and access as most important.

Based on its survey, Deloitte highlights four factors to help successful investment in eastern Europe:

PEOPLE: Select staff who can understand different cultures; who are patient, flexible and tolerant and who know the language. Hire local people with good basic skills and the ability to be trained, not on "relevant experience".

FINANCE: Expect only long-term returns. Do not depend on local finance. Phase investment and keep fixed costs low, given the uncertain future of the region.

LOCAL ENVIRONMENT: Identify people who can track legal and regulatory changes, *who are familiar with the local* public sector and banking system and can find suppliers and sources.

MARKET: Adapt to local demands and cultural differences in brand and product perceptions. The only way to sustain sales may be through export markets.

● Some Russian experts recently questioned whether imported management expertise is always relevant to the challenge of restructuring Russian industry, writes Jane Goodsir.

Consultants attending a recent conference of the International Organisation Development Association in Coventry agreed that partnerships between Russian and foreign consultancies were the most effective approach in Russia. Delegates also suggested that in future western consultants might take on the new role of "coaching" Russian consultants, rather than dominating consultancy projects.

Nikhail Albertjian, a Moscow academic and consultant, said Russian clients were showing less deference to western experts. "Russian managers still think that western consultants have much to offer, but they're no longer seen as gods. As human beings, they have failings."

The work of "expert" strategy consultants is still valued and respected, however. And there is great demand for practical solutions to immediate implementation problems. But Russians distrust slogans and respond badly to consultants who work with collective "mission" and "vision" approaches.

Cultural differences between western consultants and their Russian counterparts can hinder partnerships. Reijer van Vegten, a director of the German-based Mercurius Consulting, believes Russian consultants are strong on theory but are often self-promoting and need better practical skills.

A "Business Cultures Bridge" project, co-ordinated by the Academy of National Economy aims to develop partnership work between Russian and western consultants. A workshop is planned in Moscow next summer.

Workshop details from: Academy of National Economy, 82 Vernadsky Avenue, 117571, Moscow.

Victoria Griffith examines the row over water use in the US

Skiing's natural balance

Skiers heading for the slopes this winter are unlikely to be plagued by doubts that they are doing something harmful to the environment. Indeed, fresh air and mountain scenery have always been part of the lure of the sport, which appears comfortingly benign to nature.

Yet at mountain resorts all over the US, environmentalists are in a fierce ecological battle with the ski industry over an increasingly precious commodity – snow.

The fight over snow is really a battle for water. Environmentalists say ski resorts are siphoning so much water from mountain streams that the streams may begin to run dry for part of the year. A dry river or stream bed is not only an unpleasant sight; it can also be lethal to fish populations.

"The snow-making issue is turning into the most bitter environmental battle this region has seen in years," says Andrew Hamilton, a lawyer with the Conservation Law Foundation, a Boston-based environmental group which has challenged the ski areas' water rights. In some areas, ecologists say, the water drainage has been devastating, threatening the survival of fragile trout and salmon populations.

In years past, ski resorts relied on Mother Nature to provide them with the snow they needed, and she was kind enough to oblige. So was the world's economy. After the second world war, increasing wealth in the industrialised world turned a once obscure sport into an internationally popular pastime. In the US, the industry enjoyed tremendous growth, becoming a big money-earner in states like Colorado and Vermont. Over the last two decades, though, growth in the ski business has slowed dramatically, and ski areas are competing for a greater share of a stagnant market.

Delicate balance: part of skiing's attraction is the scenery but if skiers start to believe the sport is not environmentally-friendly, they may stay away

In the fight for customers, snow-making has become a common way of extending the season, guaranteeing snow from late October through April or even May. Unfortunately, the demand for artificial snow is at its highest in November and December, months when mountain streams are at their lowest level, and when fish eggs are most in danger of being destroyed if the stream freezes through.

"We are concerned that the stream rates are too low for the survival of the fish, particularly Atlantic salmon, which is a threatened species," says Spencer Conley of the New England Fish and Wildlife Service. In Colorado, which faces a state-wide water shortage, limits on water withdrawal for snow-making have hit the ski industry hard, nipping in the bud plans for expansion at many resorts.

But the hard times have also unleashed unprecedented creativity in the art of making snow. Some resorts have financed "cloud seeding", an experimental procedure in which aeroplanes fly through clouds in the hope of producing precipitation.

To protect the fish population, some ecologists suggest planting trees on river banks for shading, and placing boulders and rocks at strategic points in the water to create pools of water for fish eggs. Others are advocating the recycling of treated sewage water for snow-making, though the idea may not be well-received by skiers.

The best alternatives are, unfortunately, among the most expensive. One option is to create storage tanks above the ground to collect rain water throughout the year. The problem is that the tanks are not aesthetically pleasing, an issue of great importance for the ski industry. Another possibility is the creation of artificial lakes, which collect water when the snow melts in the spring, and can be used later to make snow. This method is not only feasible, it is also aesthetically attractive.

However, the creation of an artificial lake is prohibitively expensive for any single resort to contemplate. Yet in Colorado, competing resorts have begun to pool resources to try to resolve their problems together. In one case, five ski areas have just agreed to help finance the creation of an artificial lake together with the city government of Denver. In return for their investment, they will each be awarded a certain amount of the collected lake water.

The ski industry is understandably concerned about the anti-snow-making movement. "If our customers see that there is no snow here in November, they may not book into Vermont for their winter ski vacation," says Joseph Parkinson of the Vermont Ski Areas Association.

Even so, environmentalists believe much of the industry is anxious to co-operate. "It's in their best interest to work together with us," believes Lewis Milford, an attorney with the Vermont Conservation Law Foundation. "They are selling to an increasingly environmentally-conscious public. If their customers start to believe that skiing is not environmentally-friendly, they may begin to stay away."

Switzerland tries to halt the slide

Levelling slopes may encourage erosion, writes **Ian Rodger**

With up to 700,000 skiers hurtling and skidding down Switzerland's slopes on a crisp winter's day, the activities of the piste and chalet set are no longer just plain harmless fun.

Yet now that skiing is no longer a growth industry, the government feels less inhibited about restricting the freedom of skiers and resort operators so as to help protect the fragile environment.

Skiing affects the ecology of Switzerland and its Alpine neighbours in three main ways. Perhaps the most important is through modifications to the landscape by resort operators. These include the clearing of forests to make courses, the levelling of terrain and removal of rocks to permit the use of snow-packing machines, and the creation of gentle pathways for novices.

The construction of hotels, restaurants and lift machinery also disrupts the landscape, though modern cable cars, gondolas and chair lifts are less damaging than old drag lifts for which special paths had to be carved.

The second type of impact arises from the increasing use of snow-making machines. These need vast quantities of water and energy and are very noisy.

Finally, beginners who look enviously on accomplished skiers and snowboarders can take some comfort from the fact that these powder hounds terrify wildlife and damage young flora as they swish through the trees. In recent years, several Swiss communities have fenced off areas to prevent skiers from disturbing animals.

Swiss concern about the impact of skiing on the environment dates from the 1970s when the industry was expanding rapidly. In 1979, the federal government published its first directives on limiting environmental disturbance, mainly to help cantonal goverunments confronted with development applications.

Since then, the legal framework has been tightened, various studies and policy documents written and correction programmes launched. The unwritten, but widely accepted, basic policy that no entirely new ski areas will be developed also dates from the late 1970s. Only improvements and expansions at existing resorts are allowed, and for these, strict guidelines have been adopted.

For example, because of the delicacy of the high Alpine environment, no levelling of slopes is allowed above 2,000 metres. Also, alterations to the landscape are not allowed where protected species of fauna and flora would be affected.

Gilbert Thélin, the Swiss environment ministry's skiing expert, says these restraints are not as onerous as might be expected. Ski resort operators used to bulldoze gently graded paths into mountains to enable weaker skiers to get down safely. But these paths just encouraged weaker skiers to go faster, causing more accidents.

The only real conflicts occur when an operator wants to smooth out a whole slope so that a snow-packing machine can be used. An artificially packed slope will resist melting in the spring, thus lengthening the ski season.

Environmental experts say the grading and removal of rocks reduces the slope's ability to resist erosion. Thélin says the government cannot prevent the removal of every rock, but forbids large scale smoothing.

The government originally took a hostile view of snow-making machines. In principle, it said, these should be used only for problem areas – such as part of an otherwise well covered course where excessive exposure to the sun destroyed the snow cover.

But the trends to warmer winters and, in the late 1980s, to inadequate snowfalls, has made life more difficult for operators, so the government has had to retreat a little.

"We now accept that a few pistes in a region can have full snow-machine coverage," says Thélin. He believes market forces will prevent matters from getting out of hand. It takes about two weeks of constant production to fully cover a slope with artificial snow, and this is fairly expensive for an operator. Thus, he is likely to be reluctant to do it often or at lower altitudes where the risk of melting is higher.

"Our tourism people think that in the long term some ski resorts will move to other sports," Thélin says.

Pollution verdict worries insurers

US business has won another round in its long running legal battle with insurers over who should meet the cost of cleaning up pollution. The victory, in an Illinois Supreme Court decision earlier this month, has potentially serious implications for insurers at the Lloyd's market, who are heavily exposed to businesses in the state.

The Illinois court decision freed Outboard Marine Corporation, an outboard motor manufacturer, to pursue its insurers for the costs of cleaning up polychlorinated biphenyls (PCBs) dumped into Lake Michigan between the 1950s and the 1970s.

In 1978, Outboard was ordered to clean up the PCBs, which had been present in pydraul, a hydraulic fluid the company had used in die-casting. Insurers – mainly US companies and none of them London-based – had restricted coverage under liability policies to cases where pollution was "sudden and accidental" and resisted claims on the grounds that the pollution had occurred over a long period.

The Illinois court ruled on December 4, however, that the term "sudden" was ambiguous and said coverage was available regardless of how rapidly pollution had occurred if it could be shown that pollution had been "unexpected and unintended".

Nine other US state supreme courts have also ruled on the interpretation of the "sudden and accidental" clause. Verdicts so far have been mixed, with five courts ruling that there is coverage only where the pollution is "sudden" in a temporal sense.

However, lawyers acting for policyholders claim that the Illinois ruling is a crucially important one and could lead to a huge escalation of pollution losses for the market.

Lloyd's underwrites directly in the state (one of two in which it is licensed to do so) and many US companies have their headquarters in the state, which is also one of North America's most polluted, increasing the chances that legal action might take place there.

At the very least a series of long-drawn out – and hugely expensive – legal battles is on the cards.

Richard Lapper

PEOPLE

Radcliffe steps down from CBI

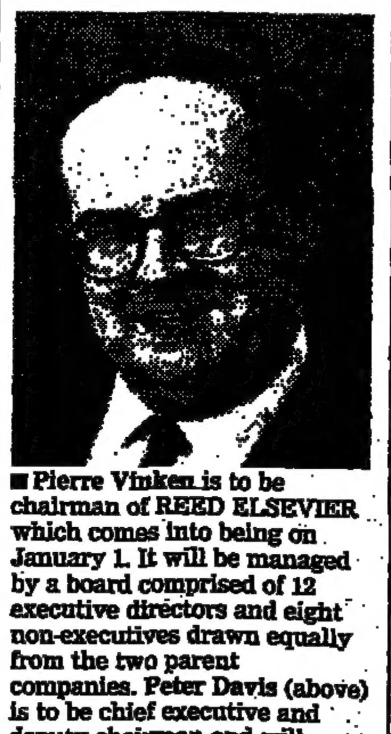
Mark Radcliffe is stepping down as deputy director general of the CBI, though he is continuing his involvement as an adviser on industrial affairs. At the same time he is taking up two new non-executive positions, the first of which is the chairmanship of construction company McLaughlin & Harvey. The other is to be announced shortly.

In November 1991, Radcliffe, 54, was seconded from TI, where he has been a main board director since 1988, to set up the National Manufacturing Council which aims to promote the cause of British manufacturing to government, business and the City. Presentation of the NMC's blueprint "Making it in Britain" formed the centrepiece of the CBI national conference in Harrogate.

A year ago there was some speculation that Radcliffe might have been a candidate to succeed Sir John Banham as director general, and some CBI watchers have recently expressed surprise that he is stepping back so soon after the birth of the NMC. But Radcliffe now maintains that the deal with TI was, from the outset, that the secondment should last just 12 months. "But it was left open as to how we would go on from there. And now we have decided on the role of adviser," he says.

Radcliffe adds that TI had paid his salary, and he had done some advisory work for the company, but he had relinquished his board seat because of potential conflicts of interest; there were never any plans for him to return to TI. He acknowledges that a year is not long in terms of a task as vast as reviving Britain's manufacturing industry base – "it is a project that won't be completed in my life-time" – but claims to be "rather encouraged" by the interest shown by both government and the City.

He is accepting the post at small construction group McLaughlin & Harvey, where the chairman and chief executive, Charles Denny, retires at 60 at the end of the year, because he believes it is important to "spread your industries". He is also a non-executive director at Lancer Boss and at Partnership Sourcing, a CBI/DTI joint venture.



■ Pierre Vinken is to be chairman of REED ELSEVIER which comes into being on January 1. It will be managed by a board comprised of 12 executive directors and eight non-executives drawn equally from the two parent companies. Peter Davis (above) is to be chief executive and deputy chairman and will become chairman on Vinken's retirement in 1995. Other members of the executive committee are: Ian Irvine, Loek van Vollenhoven, and Nigel Stapleton.

■ Richard Wiseman, formerly senior legal adviser for Shell International Petroleum, has been appointed head of legal division and company secretary of SHELL UK Ltd.

■ Gordon Angell, who retired earlier this year as a director of BASF, has been appointed executive chairman of Independent Fertilizers Solent, and as a non-executive director of Gouldings Chemicals; both companies are part of IAWS GROUP.

■ Barry Marchini, director of information technology at Bass Leisure, has been appointed md of Starpoint Electrics, part of BOWTHORPE.

Renishaw

David McMurtry, chairman and chief executive of Renishaw, the metrology company he built from his invention of touch-trigger probes, is to resume a more active role in new product development.

McMurtry, who developed probe technology in the early 1970s while developing the engine for Concorde, will also take responsibility for manufacturing technology in addition to his enhanced R&D role. Renishaw has been working on substantially cutting the cost of high precision engineering at its Gloucestershire manufacturing facilities.

Ben Taylor, currently joint managing director, will become assistant chief executive. In particular, he will assume responsibility for worldwide sales and will relieve McMurtry of some of the day-to-day duties of running the company.

John Deer, the deputy chairman and other founding partner of Renishaw, has now fully recovered from a heart condition and is to assume greater responsibility for production.

Great Universal Stores

■ Baroness Brigstocke, who presided over St Paul's Girls' School for 15 years as High Mistress, is joining Great Universal Stores on a part-time basis where she will be responsible for training and personnel.

The 63-year-old life peer is one of two new associate directors at GUS, one of Britain's leading mail-order firms and high street retailers. Arthur Hutchinson, 49, director of warehousing and distribution for GUS Home Shopping, has also been appointed an associate director.

Lady Brigstocke is not becoming a full member of the GUS board, which is headed by Lord Wolfson, the son of the firm's founder – but she will work one or two days a week. She has been advising Burberrys and Kay's – two GUS retailing ventures – on personnel and training for some time.

Telecom Eireann

■ Ron Bolger, 44, a managing partner in the Stokes, Kennedy, Crowley accountancy firm in Dublin, has been appointed as the new chairman of Telecom Eireann, the Irish state-run telecommunications company.

Bolger will be Telecom's fourth chairman in twelve months. He replaces John Scanlan, who held the post on a temporary basis after his predecessor Brendan Hynes was sacked last July. Hynes' "hands-on" approach to rationalisation in the company had led to a rupture with the company board.

Hynes' predecessor, Michael Smurfit, who is the chairman of the Jefferson Smurfit Group, resigned in September 1991 after the then prime minister Charles Haughey asked him to step aside pending the outcome of a public enquiry into a controversial property deal which involved Smurfit.

Bolger is a specialist in taxation and corporate finance and was a member of the board of Greencore, the Irish sugar and foods group, until last September.

Non-executive directors

■ Richard Cole-Hamilton, former chief executive of Clydesdale Bank and vice-president of the Scottish Council Development and Industry, at STAKIS.

■ Geoffrey Whalen deputy chairman and md of Peugeot Talbot Motor Co, at COVENTRY BUILDING SOCIETY.

■ Gavin Reed, group vice-chairman at Scottish & Newcastle, at JOHN MENZIES.

■ Michael Windsor, a non-executive director of BWI since its flotation in 1987, and formerly joint md of Vickers, as chairman at BARRY WEHMILLER INTERNATIONAL.

■ Jim Power has retired from UNICHEM.

■ Jean Meynial, recently retired chairman of Arc Union Group, as deputy chairman of LEND LEASE INTERNATIONAL.

■ Christopher Dreyfuss at The TURKEY TRUST.

■ Steve Shirley (below), founding director of the FI Group, at TANDEM COMPUTERS Inc.

■ Anthony James has retired from WELLCOME.

Television/Christopher Dunkley

Glitz threatens the News at Ten

Anyone who wants to know what might be expected from the new ITV network coming into operation on January 1 should have a look at *News At Ten*. For decades ITV's flagship news programme was regarded, almost universally, as being on a par with the BBC's *Nine O'Clock News*. Many people both inside and outside television argued that it was superior. Now, under the Government's new Darwinian rules for commercial television, with fierce competition for peak time slots and the weakest going to the wall, the programme has been transformed. What was once slick but dignified, and serious without being solemn, has been turned into a mixture of sensationalism, glitz and pomposity. Perhaps it will win for the new ITV an even bigger audience among those who read tabloid newspapers, but in the process it will surely lose many of its more serious viewers.

Over the years it has been argued in this column that, far from differing significantly, the main television news programmes have seemed, to the non professional onlooker, to be virtually indistinguishable. The BBC used to employ as news readers people who were members of Equity, the actors' union. ITN smiled superciliously and boasted that its presenters were not mere "readers" but "newscasters", members of the National Union of Journalists with all the experience necessary to gather the news as well as read it out. But to the average viewer the distinction was irrelevant. Whether or not Richard Baker and Jan Leeming were members of Equity, many people preferred their personalities and their diction to those of some ITN newscasters.

Anyway, whatever the qualifications of the presenters, the two news programmes were remarkably similar: in the items they covered, the approach they took, the significance they apportioned, and the general appearance on screen, there was less difference than between, say, the *Daily Mail* and the *Daily Express*. This always seemed rather odd. After all, television is a mass medium with much of its output – soap operas, game shows, comedies – directed straight at the tabloid market. Why, then, were all its news programmes pitched somewhere just below the level of the *Daily Telegraph*? More recent developments brought us more broadsheet style coverage in *Newsnight* and *Channel 4 News* but still nothing like the BBC's old *Nationwide* to appeal to the mass market.

Having argued in that manner it would be perverse now to start complaining that *News At Ten* has gone down market (though it has). That is not the complaint. The trouble is that its overhaul has resulted in so much that is pretentious, superficial and downright silly. The effects of the change were most vividly exemplified one evening during the recent blitz of royal family stories when ITN's court correspondent made the bizarre assertion "Trevor the Queen is now behind me..." It took several moments to deconstruct this.

It seems that *News At Ten* now specialises in the "sandwich", a conventional film report served up to the consumer between a studio intro and a live two-way interview involving anchorman and reporter. Labelling a report with the caption "Live" is just one of many habits imported from the US. While broadcasters are impressed with their own capacity to "go live" it seems unlikely that viewers care very much, but on *News At Ten* it has become something of an obsession. To have the reporter "live" in the studio is considered pretty dull, so they are obliged to go out with a camera and stand in front of some symbol of their expertise, even if it is pitch dark (economics specialists favour a brass wallplate saying "The Treasury"), and then conduct a technologically complicated conversation which they might just as well be having in the warm back at base.

Apparently on this occasion the court correspondent was standing in front of Buckingham Palace and was announcing that the sovereign had returned home. The snag was that having begun her two-way with the mandatory "Trevor" – a useage which is supposed to establish anchorman Trevor McDonald in the public mind as a tremendously amiable godhead, master of all he surveys but still one heck of a feller chatting on first name terms with all those people – she then omitted any indication of a comma and thus invented someone called Trevor the Queen. Thus can pretentiousness trip you up.

It seems such a shame that all this razzmatazz should be tacked onto *News At Ten*, of all programmes. Whatever your feelings about NUJ or Equity presenters, *News At Ten* was for many years a pretty level headed sort of affair which conveyed a sense of being there simply to give you the news straight from the shoulder, no messing. Now it opens with airship shots over London, a romantic overhead view of the ITN building in Gray's Inn Road, and then a swooping Hollywood zoom through the high-tech newsroom, bathed in a blue haze of light, to find the American-modelled lone anchorman heroically holding the floor. You begin to wonder whether they have all watched *Broadcast News* too often and started to believe in their own star quality.

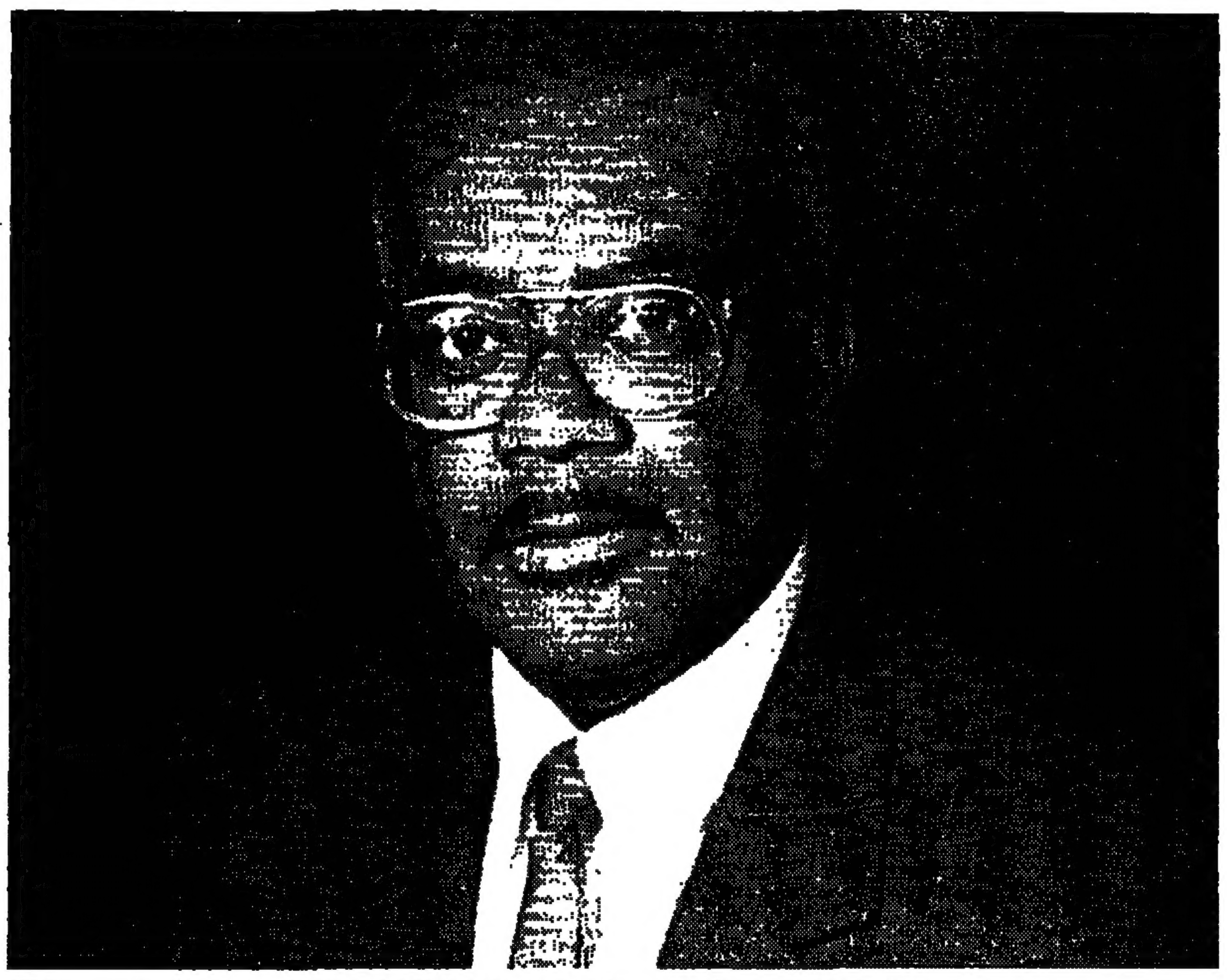
Worse is to come. *News at Ten* has taken techniques from yoof series and graphics from America and created the most mind-bogglingly over elaborate image to be seen anywhere on British television. On top of a blue background is laid a white grille. Over the white grille an oddly inaccurate map of Europe (have a look at France). In front of the map a whole stack of monitor screens. On the screens very often a mug-shot of somebody shown almost as big as McDonald, frequently with some sort of symbol or logo, and usually a word or two in capital letters pulled at random from the script: "RELIEF OPERATION" for instance, or "NEW ROUTES" or "GAS SPLIT". These add not one iota to viewer understanding but make the screen look busy and significant. In front of all this lot sits McDonald himself.

The irony is that often, when a graphic is really needed –, to show how the light might have caused the fire in Windsor Castle for instance – ITN's is much better than the BBC's. But then the same goes for the most basic and important part of the content: the reports. When direct comparisons can be made, ITN's reports are often better. For example Geoffrey Archer's recent pieces from a dangerous bit of road in Bosnia were consistently clearer and more comprehensive than the BBC's. (Though to be fair the best reporter in Somalia has quite definitely been the BBC's excellent George Alagaiah.) But the new *News At Ten* spoils all this by absurd catchphrases and silly bits of linking script. McDonald keeps on saying "Coming next, more of the day's news" as though we might have been expecting some conjuring tricks.

At least they seem, in the past few days, to have decided it is a bad idea to include a big "Focus" item in every edition. Some of these mini current affairs programmes were good, some – such as last week's on "her-rassment" (heavy handed heterosexuality at work) – were merely tired re-runs of features which have already been done to death by national newspapers. None seemed to have much justification in a flagship *news* programme, so it is good to see the idea being re-thought.

However, this move seems to have coincided with greater determination than ever to find sensational stories for the top of the programme. During last Thursday's opening item on what was said repeatedly to be "systematic and organised rape" in Croatia (a horror tale told about French victims in the First World War and Belgians in World War 2) it turned out that ITN could produce not one single woman who would substantiate the story.

Perhaps this will turn out not to be the paradigm for the re-designed ITV. Maybe we shall all be pleasantly surprised at the civilised and sophisticated nature of the new network. Perhaps in 1993 there'll be pink pigs over the white cliffs of Dover.



ITN news anchorman Trevor McDonald: heroic in a much too elaborate set

Alastair Muir

Mark Lockyer as Rupert: much of the right daredevil allure but not enough swordfights

Theatre/Alastair Macaulay

Prisoner of Zenda camps it up

Dungeons, swordfights, true love, intrigue and – best of all – a hero who looks so like Prince Rudolph of Ruritania that he can impersonate him to all and sundry – yes, *The Prisoner of Zenda* has them all. Anthony Hope's novel is the most glorious trash ever written; you can snicker at Georgette Heyer but woe betide the smart Alec who thinks himself above *The Prisoner of Zenda* – not to mention the sequel, *Rupert of Hentzau*.

The best that can be said for this Greenwich staging is that it is a tolerable introduction to the joys of Zenda, and is surely excellent seasonal fare for office parties composed of people who have not read the original. And, since I was in a post-works-outing glow myself, I enjoyed myself a fair deal.

Lez Brotherston has designed an ideal set, with crossbridges and staircases and walls that summon up all the various perilous locales. Mark Lockyer has much of the right dark daredevil allure for Rupert of Hentzau, and Melanie Jessop is as commanding and glamorous as Antoinette de Mauban should be.

But Hope's novel and the Ronald Colman movie are both dear to my heart, and I incline to purism in Zenda matters. Matthew Francis's adaptation and staging not only hang fire, but they also encourage both players and audience to chuckle at the contrivances of this Ruritanian romance. The intoxicating story keeps tipping over into camp; and this is hard to forgive.

As the two Rudolphs, David Haig lacks both virile beauty and heroic ardour; and what is The *Prisoner of Zenda* without those? Leonie Mellinger, a talented actress, underplays the nobility and high romance of the Princess Flavia. Nicholas Gecks is too mild for Black Michael (I found myself missing Raymond Massey in this role more than anyone from the 1937 Selznick movie).

The production will undoubtedly improve in due course; injury robbed us of the swashbuckling we had been hoping for. But not only more swordfighting is needed. More seriousness is required too.

At the Greenwich Theatre, until February 6

Opera in Paris/Ronald Crichton

Lully's 'Armide' goes abstract

Following last year's successful and enjoyable *Alceste*, the cycle of Lully operas at the Théatre de Champs-Elysées in Paris continued with his *Armide* – the last of the series of tragédies lyriques written with his eminent librettist Quinault. Lully died in 1687, one year after the first production. Owing to the king's absence this took place not privately at Versailles but publicly in Paris. Quinault died after one more year.

The climate of taste was changing. Classical and mythological subjects were giving way to medieval chivalry. At court the influence of the pleasure-loving Mme de Montespan was waning. The increasingly powerful Mme de Maintenon, whom Louis XIV had secretly married, was by comparison austere: pleasure was under a cloud. The change is reflected in the tone of *Armide*. I doubt, though, if the historical background had much if any influence on the producers of *Armide*, Patrice Caurier and Moshe Leiser, responsible for last year's *Iphigénie en Tauride* at Cardiff.

Caurier and Leiser turned their backs firmly and a little prudishly on the sumptuous, enjoyable and illuminating baroque richness of their predecessors' *Alceste*. In their programme note they rightly stress the vital role of dancing in the choreographer-composer Lully's theatre works. But it is absurd to deny the equally vital role of spectacle, "machines" included. The sum of his great gifts made Lully a super-entertainer, and "entertainement" on such a level need not exclude serious subjects or deep feelings.

The décors by Christian Fenouillat are based on abstract painted cloths of the kind once popular for "symphonic" ballet. They leave plenty of room for the dancers but the general effect is dusty and dispiriting. The prospect in the heathen sorceress Armide's magic realm that so enchants the besotted Crusader knight Renaud consists of tall dark grey panels shifted round against a gloomy background – Hades as imagined by a modern Gordon Craig. At the end of the opera, when Armide realises she has lost her lover, a slatted curtain is let down to which she bravely clings and is raised high enough to show her palace in flames behind her. But all we saw of that palace was a single panel painted streakily like fishmonger's marble.

Costumes by Elizabeth Neumuller were vaguely modern from flapperdom to New Look skirts, with an emphasis on old-style sports clothes (had someone remembered that the Debussy-Nijinsky tennis ballet *Jeux* was first given in this theatre?). That at least gave some indication of Renaud's physical prowess – there was very little to suggest a Holy War and next to nothing of the Gorgeous Middle East. But then the producers avowedly shun anything "anecdotal" like the plague.

The choreography by Stéphanie Aubin was uneventful, unmemorable "modern dance". The dancers' and singers' movement was unusually well integrated. The good-looking dancers of the small Compagnie Larsen, like everyone else in this production, were thoroughly prepared – this co-production with Flemish Opera had already been seen at Antwerp. The singing and playing of the Chapelle Royale (with the Collegium vocale from Ghent) gave continuous pleasure. The expert conductor was Philippe Herreweghe, in livelier, more authoritative form than in his recording of the opera a few years back – the fourth act, omitted then, was included this time.

The Armide, Sylvie Brunet, is a strong performer who knows how to shape and form Lully's varied, subtle and highly expressive phrases. Above a certain level the voice took on a shrill vibrato inappropriate for such an irresistible seductiveness, and she sometimes sang below the note. She was not helped by nondescript garments. Some but not enough of her words were clear. The best singing and declamation came from the Renaud of that good artist Howard Crook, whose light tenor carried easily in this large theatre. Gilles Ragou and Bernard Deletré as the two paladins sent to bring Renaud back to the path of duty, had the best of this opera's subdued comic scenes. As Hate, John Hancock appeared as a dyspeptic-looking gent in evening dress, his supporting demons wearing white surplices over black trousers.

At the last of the six performances there was a full house, deeply attentive and enthusiastic except when the production team took their curtain call, when the usual and by now rather stale pandemonium broke out. Although I believe this self-conscious effort to avoid theatrical archaeology to be misguided and find the visual appeal unsuitably dreary, this *Armide* was a serious, consistent piece of work, ably carried through. There is more than one way of treating Lully on the modern stage. Next year the admirable series promise *Roland* with José van Dam.

Sponsored by the Mécenat Culturel, the Caisse des dépôts et consignations and the Fondation France Telecom.

INTERNATIONAL ARTS GUIDE

■ ANTWERP

Stefan Soltesz conducts Nuria Espert's production of Elektra at **De Vlaamse Opera** on Dec 26, 29, Jan 3, 6 and 9. Gabriele Schnaut and Carla Pohl alternate in the title role (233 6685)

■ ATHENS

Concert Hall On Christmas Day, Zagorsk Church Choir gives a recital of music from the Russian Orthodox tradition. Sat and Sun: Vyron Fidedjis conducts Czech Radio Symphony Orchestra in works by Mahler, Sibelius, Tchaikovsky and Rakhmaninov. Next Tues, Wed: Jinan Acrobatic Troupe, traditional Chinese acrobatics (722 5511)

■ BARCELONA

Gran Teatre del Liceu 20.00 Uwe Mund conducts Götz Friedrich's production of Lohengrin (repeated Dec 27, 30, Jan 2, 5). Alternating casts include Thomas Sunnegardh and Gösta Winbergh as Lohengrin, Sue Patchell and Mechthild Gessendorf as Elsa, and Eva Marton and Joy McIntyre as Ortrud (412 3532)

■ BOLOGNA

Dec 29, 30 in **Teatro Communale:** Gary Bertini conducts Mahler's Second Symphony. Jan 1: Igor Oistrakh violin recital (529999)

■ COLOGNE

Philharmonie 20.00 Ballet gala, repeated tomorrow afternoon and Fri evening. Sat: Georgian Chamber Orchestra plays Bach and Vivaldi. Sun: jazz night. Next Mon, Tues, Wed: chamber music festival, including works by Tchaikovsky, Dvořák, Denisov, Ravel and Rakhmaninov, and featuring Sergei Leiferkus, Kim Kashkashian, Frank Peter Zimmermann and others (2801)
Opernhaus 19.30 Thomas Fulton conducts Willy Decker's new production of Billy Budd, with Philip Langridge, Boje Skovhus and Monte Pederson (also next Tues). Fri: Der fliegende Holländer. Sat: Die Zauberflöte. Sun and next Wed: Hansel and Gretel. Dec 31: Die Fledermaus (221 8400)

■ COPENHAGEN

Flemming Flindt's production of Nutcracker can be seen on Sat and next Mon at the **Royal Theatre.** Dec 29: Don Carlo. Dec 30: ballet gala (3314 1002)

■ DRESDEN

Tonight and Sat in **Semperoper:** Hansel and Gretel. Fri: Die Zauberflöte. Sun: Der Rosenkavalier. Next Tues, Jan 2 and 5: Evgeny Onegin. Next Wed, Jan 3: ballet triple bill including Henze's Tristan choreographed by John Neumeier. Dec 31, Jan 1: Muhai Tang conducts popular orchestral concert (484 2731). Fri evening and Sat morning in **Kulturpalast:** Peter Vronsky conducts Dresden Philharmonic Orchestra in works by Corelli, Honegger and Rimsky-Korsakov. Dec 31, Jan 1: Johann Strauss concert (486 6306)

■ FRANKFURT

Opernhaus Tonight: premiere of Ruth Berghaus' new production of Der Rosenkavalier (also next Mon and Wed). Fri, Sun and next Thurs: Die Fledermaus. Sat: La traviata (236061)
Schauspielhaus Tonight, next Mon, Wed and Thurs: new ballet by William Forsythe. Fri: Schnitzler's 1911 play Undiscovered Country. Sat and Sun: The Merchant of Venice (236061)
Alte Oper Broadway musical 42nd Street, daily except tomorrow (1340 400)

■ GENOA

Teatro Carlo Felice 20.30 Alexander Lazarev conducts Boris Pokrovsky's Bolshoy Opera production of Prince Igor, repeated on Sun. Tomorrow and Sat: Bolshoy Ballet production of Giselle. Dec 4: Carlo Maria Giulini conducts Orchestra of La Scala Milan (589329)

■ HAMBURG

Staatsoper Tonight and Fri: Die Zauberflöte. Sat, Sun, Dec 31: Neumeier production of Nutcracker. Mon: Hansel and Gretel. Tues: ballet mixed bill, including works by Mats Ek and Lar Lubovitch. Next Wed evening and Thurs morning: Heinz Fricke conducts Beethoven's Ninth Symphony (351721)
Deutsches Schauspielhaus Performances over the holiday period continue daily except tomorrow, with repertory including Shaw's Heartbreak House, Miller's Death of a Salesman and a new production of Euripides' The Bacchae. Ute Lemper gives a solo evening on Dec 31 (248713)

■ LEIPZIG

Opernhaus Tonight: Hansel and Gretel. Fri and next Wed: La bohème. Sat: Coppelia. Sun: Jiri Kout conducts Uwe Wand's new production of Lohengrin, with George Gray and Helena Doese. Next Tues: Werther with David Rendall. Dec 31: My Fair Lady (7168 273)
Gewandhaus Tonight: Ekkehard Schreiber conducts seasonal choral music by Corelli, Bach and Petr Eben. Sun morning and evening: Pierre-Dominique Ponnelle conducts MDR Symphony Orchestra in works by Bach, Beethoven and Tchaikovsky. Dec 29, 30, 31: Kurt Masur conducts Gewandhaus Orchestra in Beethoven's Ninth Symphony (7132 280)

■ LONDON

MUSIC/DANCE
South Bank Centre Ben Stevenson's English National Ballet production of Nutcracker daily till Jan 16 except tomorrow, Christmas Day and Sundays. Dec 26-31: Travelling Opera productions of La bohème and Don Pasquale. Dec 27: Johann Strauss gala (071-928 8800)
Barbican Tonight: orchestral favourites. Sat: James Blair conducts RPO in works by Rakhmaninov and Dvořák. Sun: Jack Brymer plays Mozart's Clarinet Concerto. Mon: Glenn Miller Orchestra. Tues: Dennis O'Neill sings opera arias. Next Wed: Tchaikovsky concert. Dec 31: European Community Baroque Orchestra gives afternoon concert at St Giles Cripplegate; Vladimir Ashkenazy conducts ECYO in late evening concert (071-638 8891)
Covent Garden Tonight, Sat, Mon, Jan 1, 4: Ashton's Royal Ballet production of Cinderella. Next Tues: new Royal Opera production of Handel's Alcina. Dec 30, 31, Jan 2, 5, 6: Ashton's The Dream and Tales of Beatrix Potter (071-240 1066)
Coliseum Tonight: David Pountney's ENO production of Hansel and Gretel. Dec 30 and Jan 2: Princess Ida. Dec 31, Jan 5: Adventures of Mr Broucek (071-836 3161)
Sadler's Wells London City Ballet repertory till Jan 2 consists of Romeo and Juliet and a triple bill. No performances Dec 24-27 (071-278 8916)
THEATRE
● *Carousel: Nicholas Hytner's* production of the Rodgers and Hammerstein musical. No performances tomorrow or Christmas Day (National Theatre 071-928 2252)
● Carmen Jones: Simon Callow's production of Oscar Hammerstein's update of Bizet. No performance tomorrow (071-928 7616)
● The Lion, the Witch and the Wardrobe: adaptation of C S Lewis' Narnia story for a children's Christmas season till Jan 16. Tomorrow's performance is at 14.30, closed Christmas Day (Royalty 071-494 5090)
● The Gifts of the Gorgon: new Peter Shaffer play starring Judi Dench. Tonight, next Mon, Tues, Wed, Jan 8, 9 (Pit 071-638 8891)
● Cyrano de Bergerac: Robert Lindsay stars in John Wells' stage adaptation directed by Elijah Moshinsky. No performance tomorrow (Haymarket 071-930 8800)

■ LYON

● Milan Bauer directs Orchestre National de Lyon in a programme of Viennese waltzes Dec 27, 29, 30, 31 in **Hôtel de Ville** (7860 3713)
● Kent Nagano conducts seven performances of Angelin Preljocaj's production of Romeo and Juliet at **Auditorium Maurice Ravel,** opening on Sat. No performance next Mon or New Year's Day (7828 0960)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

CNN
2000-2030, 2300-2330 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel
0700-0710, 1230-1240, 2230-2240 FT Business Daily
0710-0730, 1240-1300 (Mon, Thurs) FT Business Weekly – global business report with James Bellini
0710-0730, 1240-1300 (Wed) FT Media Europe
0710-0730, 1240-1300 (Fri) FT Eastern Europe Report
2240-2248 FT Report

Sky News
2030-2100, 2230-2300 FT Business Weekly

SATURDAY

CNN
0900-0930, 1900-1930 World Business This Week – a joint FT/CNN production

Super Channel
0830-0900 FT Business Weekly

Sky News
1130-1200, 1730-1800 FT Media Europe

SUNDAY

CNN
1030-1100, 1800-1830 World Business This Week

Super Channel
1900-1930 FT Business Weekly

Sky News
0130-0200, 0530-0600 FT Media Europe
1330-1400, 2030-2100 FT Business Weekly

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Wednesday December 23 1992

Brussels gets a new team

FOR ALL the problems dogging European integration, the European Commission seems to be attracting a higher profile category of job applicant. On the evidence of the new line-up unveiled yesterday, the Commission has shrugged off its image as a collection of government cast-offs. The fresh team in Brussels, containing two seasoned foreign ministers, from Portugal and the Netherlands, appears well suited to steering the Community through the next two years.

At the helm remains Mr Jacques Delors, whose adept mind will be increasingly turning not only to the future shape of Europe, but also to his possible role as a candidate for the French presidency. The adjustments Mr Delors has produced in Commission portfolios bear the mark of a hand skilled in the art of both compromise and strategic planning. The departure of the UK's Sir Leon Brittan from the competition job – where he has habitually tangled with Paris – will make the Commission's balance somewhat more favourable to French sensitivities.

This is important not just for Mr Delors' prospects. French support for the free competition policies backed by Britain, and personified by Sir Leon, is still, at best, tenuous. The qualms voiced by France over the chances of a Gatt deal may presage further new year squalls between Brussels and Paris – especially if the March elections return a right-wing government. The French will still have to deal with Sir Leon, who takes over Commission responsibility for Gatt in his new external trade portfolio. But, in general, Mr Delors' decision to opt for a Commission in which French interests appear well served is intelligent as well as being predictable.

The Commission has to give a lead. But it also must follow member governments' overall policies. The rearrangement of portfolios and personalities reflects the rebalancing of Community interests. Agriculture, social affairs and the environment – areas where deals have either already been done, or where economic downturn has made governments less eager for change – are taking a back seat. Mr Karel van Miert, who takes the competition job, has proved himself no pushover for the forces of corporatism during his time as transport commissioner. He will however act cautiously in curbing national monopoly powers in fields such as energy and postal services – excluded from the 1993 single market.

The real heavyweight jobs are in foreign affairs. Mr Hans van den Broek, the Dutch foreign minister, and Sir Leon will jointly shoulder the challenges of enlargement talks with the states of the European Free Trade Association. They must also forge a strong relationship with the new US administration and ensure that the community does what it can to prevent chaos in the former Soviet bloc, which may yet provoke disruption in Europe on a wider scale.

Apart from ending the recession, the EC's main priority next year must be to improve the management of its foreign relations. Given a degree of good fortune, the new Commission should be able to play its part in that task.

Drugs pricing

THE pharmaceutical industry and the British government are currently renegotiating the scheme controlling profits on drug sales to the National Health Service. The government's negotiators should drive a tough bargain.

There are arguments in favour of the existing agreement, known as the Pharmaceutical Price Regulation Scheme. As a long-standing piece of industrial policy, the scheme has proved singularly successful.

It has controlled NHS drugs spending while encouraging the British-based pharmaceuticals sector. There are few high-growth technology industries where the UK is among the world's leaders. Pharmaceuticals is one of them. Four of the world's top 10 best-selling patented medicines were discovered and developed in the UK. The industry will contribute a trade surplus of more than £1.3bn to the UK economy this year.

The scheme also has the advantage of simplicity and practicality. By fixing a return on capital and not the prices of individual drugs, administration and bureaucracy is kept to a minimum. The system is widely admired in other countries; at one time, the French government considered copying it.

Such achievements should not be tampered with lightly. But the real argument concerns not the price-setting mechanism, but the prices themselves. The UK, along with the rest of the world, is faced with the inexorable tendency of healthcare costs to grow faster than the economy as a whole.

During the late 1980s the rapid expansion of UK pharmaceuticals groups' earnings was relatively inconspicuous. During the early 1990s, it looks like an anomaly. Glaxo made 38 per cent return on capital worldwide last year, SmithKline Beecham 45 per cent. This remarkably high return was achieved after research and development costs.

At a time of sharply rising budget deficits, expenditure on NHS drugs is growing at 12 per cent a year. Although the increase is partly due to government-inspired health programmes, expenditure growth on this scale jars at a time of public expenditure constraint.

There is thus a strong *prima facie* case for adjusting the price control mechanism applied by the NHS, perhaps by tightening up the return on capital parameters – currently 17 to 20 per cent a year.

The industry will argue that lower returns will drive investment and research overseas, as indeed happened in the mid-1980s, when the UK government tried to curb drug expenditure.

This time, though, the impact is likely to be limited. The world is bleaker for the drug companies and in restraining prices and limiting expenditure, the UK government would only be following the example of most other countries. In any case, the UK retains the powerful attraction of a pool of cheap, inventive scientists. The government can afford to bargain hard.

Serbia's vote

THE PROBABLE victory of the hard-line Mr Slobodan Milosevic in the Serbian presidential election must be seen as a severe setback for efforts to find a peaceful solution to the conflict in the former Yugoslavia. Though the latest figures which give Mr Milosevic nearly 56 per cent of the vote, are based on only a partial count of last Sunday's poll, it is most unlikely that his moderate opponent, Mr Milan Panic, with 34 per cent, will be able to close the gap.

By western standards, the conditions under which the elections were held were far from satisfactory. The election broadcasts of the state-owned Serbian TV were heavily biased in favour of Mr Milosevic and the large group of international observers reported numerous irregularities in electoral registration and voting procedures. Yet they do not appear to have been serious enough for Mr Panic's demand that the elections be annulled and another poll held within 90 days to stand much chance of success.

In the circumstances, Mr Panic, a Yugoslav-born American multimillionaire, did well to poll more than a third of the votes. His appeal lay in his promises to end the fighting and Serbia's international isolation. But the unpleasant fact the international community now has to face is that the Serbian people have preferred to be represented by a xenophopic leader determined to promote their national interests by whatever means necessary.

The presidential election results have been made worse by the marked swing to the right in the separate parliamentary poll. The success of the extreme nationalist Radical party at the expense of its allies, the Socialists (ex-communists), is a bad augury for the fate of the ethnic minorities who make up one-third of Serbia's population. The Radical party is led by Mr Vojislav Seselj, whose militia is alleged by the US to have been responsible for the murder of thousands of Moslems in northern Bosnia last spring.

The future Serbian government does not, therefore, look as if it will be prepared to make the required compromises to bring the conflict in Bosnia to a peaceful end. And its ethnic cleansing policies risk igniting conflicts in other potential trouble-spots, such as Kosovo, which could spread quickly to other regions in the Balkans through the involvement of countries such as Greece, Turkey, Bulgaria and Albania.

Few options remain for the international community, in the absence of direct military intervention in Bosnia, which has been ruled out by the great majority of nations. However, that position is looking less tenable by the day. Stricter sanctions alone have failed to have the desired effect and it is difficult to see how the proposed cut in all international communications or the enforcement of a "no fly" zone over Bosnia will bring Serbia round.

1992: better safe than sorry

Equity markets have taken a backseat to fixed interest securities, says Barry Riley

The pre-Christmas wave of optimism which propelled the UK equity market to another new all-time high of 2842.0 last night (the FT-SE 100 Index is now up 14 per cent this year) is not typical of markets around the world.

In fact, another poor year for the global economy, in which overall growth of the 24 nations in the Organisation for Economic Co-operation and Development is estimated to have been only 1.5 per cent, has formed the backdrop for a generally dreary 12 months for the world's capital markets.

In these conditions fixed interest securities have often outperformed equities, although rapidly expanding government financial deficits have had the effect of subduing the bond markets too. Only some spectacular events in the currency markets have livened up the year and provide the more speculative investors with some handsome returns at limited risk, mainly by courtesy of the European central banks.

As the year draws to a close, hopes for a global recovery look little better. The OECD has just knocked down its 1993 growth forecast from 3.0 to 1.9 per cent. And although some of the countries early into the recession are now showing signs of an upturn – certainly the US and possibly the UK – Germany and Japan may not yet have seen the worst.

Investors are having to grapple with the evidence that this is not just another business cycle but that long-term structural changes are afoot. When leading industrial companies such as IBM are shedding tens of thousands of jobs, while the only rapidly-growing areas of the global economy are in regions such as southern China and parts of Latin America, it is a foolish portfolio manager who continues to extrapolate the long-term charts from the past.

Certainly, shareholders had to dabble in stock markets such as Hong Kong and Mexico this year in order to achieve returns that were at all interesting in local currency terms. The best-performing national market in dollar terms has been Malaysia with a gain of 23 per cent. For sterling-based investors the numbers naturally look much better, given the pound's 13 per cent trade-weighted depreciation since last December 31 (and 18 per cent against the dollar). The British investor is showing gains of around 40 per cent in Malaysia, Hong Kong and Mexico, according to the FT-Actuaries World Index series.

Overall, however, the World Index is down 7 per cent this year in dollar terms and is up just 12 per cent for investors who prefer to do their calculations in sterling. The pace is always dictated by the markets in New York and Tokyo, which account for two-thirds of the world index's weightings.

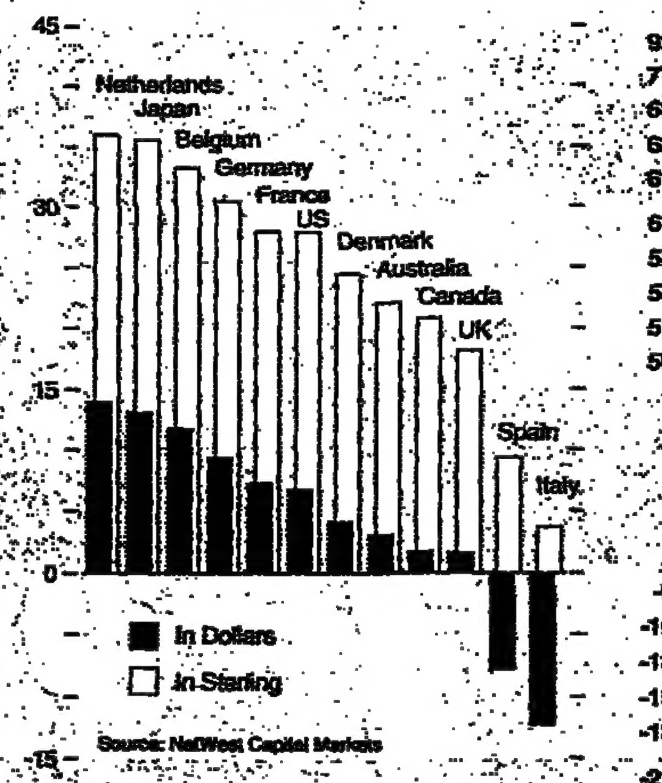
On Wall Street it has been an amazingly steady year, with a year-on-year improvement of only 4 per cent. Moreover, 1992 has been the least volatile year for the US stock market in living memory, essentially because the recovery in the economy and therefore in corporate earnings was already discounted in 1991. Since then there has been a flood of money into equities from private individuals fleeing low savings deposit rates and buying large quantities of mutual funds. But, on the other hand, there has been a sharp rise in new stock issues and a certain amount of selling by foreigners who generally feel that Wall Street is overpriced. The net result has been stalemate.

World markets: the returns of recession

FT-Actuaries World Index
% change ($ terms)

Malaysia	22.92
Hong Kong	21.57
Mexico	15.13
Switzerland	14.04
US	4.62
Netherlands	1.02
France	-4.59
Belgium	-5.90
Singapore	-5.81
UK	-7.03
World	-7.30
Finland	-7.41
New Zealand	-10.79
Sweden	-11.68
Germany	-11.85
Ireland	-15.73
Canada	-16.00
Austria	-17.53
Australia	-19.60
Norway	-20.07
Japan	-20.55
Spain	-23.08
Denmark	-25.58
Italy	-29.31
South Africa	-40.69

Government bond returns
Ten-year bonds (%)



Source: NatWest Capital Markets

FT-SE 100 Index

% change	Top 10
92.59	HSBC Holdings
77.50	Granada
68.39	Siebe
63.95	Guardian Royal Exchange
61.60	Bowater
61.11	Carlton Comms
58.28	BAT
54.47	Burmah Castrol
51.97	Argyll Group
50.46	Thames
	Bottom 10
-9.36	Wellcome
-10.95	Redland
-13.67	British Steel
-15.29	ICI
-18.53	Ladbroke Group
-21.84	BP
-22.75	Forte
-30.98	Fisons
-32.29	Lasmo
-36.21	Arjo Wiggin Appleton

All changes and returns calculated from Jan 1 to Dec 21 1992

As for Tokyo, the well-managed slow-motion stock market meltdown has gone a stage further in 1992. This year's index fall has been 20 per cent (only Denmark has performed worse in local currency terms) and the Japanese equity market now accounts for only 26 per cent of world market capitalisation against about 45 per cent at its peak three years ago.

The painful return of Japanese property and equity prices to more justifiable levels still poses a severe threat to the country's financial system, with the capital bases of the banks undermined. But Japan is better placed than most other countries in terms of fiscal balance and bond yields. Ten-year Japan government bonds (JGBs) now yield only 4.6 per cent, easily the lowest for any leading country.

A UK investor who bought JGBs a year ago – when they were yielding 5.4 per cent – might not have seemed to be on to a good thing. But on top of that he has been able to add a modest local currency capital gain and, more importantly, a yen appreciation, in terms of sterling, of 22 per cent. The return has been a handsome 36 per cent.

This kind of calculation has been the key to successful investment in 1992. While the more glamorous equity investors have taken an unaccustomed back seat the bond fund managers who trade fixed interest securities and currencies have grabbed the limelight.

But once again a great deal has depended on the investor's base currency. In the UK, the global bond funds have enjoyed a great year, and are heading the unit trust performance charts. But it looks very different in the US where the strength of the dollar against many currencies in the past few months has caused many equivalent international fixed income funds showing returns which are meagre and sometimes even negative.

Generally speaking bond yields have dropped in 1992, because the impact of the recession and the influence of lower inflation rates has outweighed the increasing flow of government debt as fiscal deficits widen. Average inflation, according to the OECD, will fall from 3.5 per cent in 1992 to 2.5 per cent by the end of 1994. But the average budget deficit is running at about 4 per cent of gross domestic product this year and next. Brokers James Capel have calculated that new borrowing by the Group of Seven leading industrialised nations next year will total a massive $750bn.

Real interest rates, apart from in Japan and Germany (where inflation is still rising) are remarkably high. This ought to make bonds very good value, as they indeed have been this year. But there could still be problems if so much paper is issued that the markets find it indigestible. The UK government, for instance, is threatening to issue gilt-edged securities at the rate of £1bn a week during the financial year 1993-94. A real bull market in bonds will not happen until investors can see a way in which government deficits can be brought down.

The bond investor's calculation must be that real interest rates will have to be brought down sharply. This *could* be done through an acceleration of inflation, but there are not many countries in which that is going to happen given the surplus of capacity in the industrial, farm and labour markets.

In the meantime, attention has been focused on currencies. It was hard to make money by trading currencies when they were floating freely in the 1980s, but the growth of the semi-fixed rate European exchange rate mechanism proved to be a godsend for speculators.

Politicians with short memories thought they could set exchange rates by *dictat*. For an amazingly long time they seemed to be right. But by the summer of 1992 the ERM lost its credibility, and unofficial and official member currencies of the ERM were picked off one by one: the Finnish markka, the Italian lira, the pound, the Swedish krona and the Norwegian krone. Other currencies, such as the Spanish peseta, could only sustain their position through exchange controls. By December, the French franc was coming under severe pressure for the second time.

An old lesson was expensively relearned: central banks defending unsustainable parities against hopeless odds serve only to hand juicy profits to market operators.

But the egg on the faces of governments often brought smiles to stock market investors. In the UK, the devaluation of sterling served to bring life back to the equity market. Investors do not directly have to speculate in currencies or buy foreign securities in order to benefit from a depreciation of their domestic currencies. In the UK, overseas and export profits – which are increased in sterling terms by a devaluation – account for almost half the earnings of London-listed industrial companies.

Since Black Wednesday, London's FT-SE 100 Index of market leaders has climbed by almost 20 per cent, and similar strength has been shown by the equity markets in other devaluing countries. In Sweden, Finland and Italy stock market indices have jumped by between 18 and 53 per cent since the local currencies were unpegged from the D-Mark.

At the core of the ERM the picture is much bleaker, however. German equities are a fifth below their May highs as industrial gloom accumulates. There is a similar picture in France.

In the UK, fund managers are once again comfortable with their high exposures to equities. For as long as the British government struggled to keep sterling close to DM2.95 there was great worry that the corporate sector would be crushed between a fixed exchange rate and an inflexible labour market. Now, with the pound floating freely, there is more confidence that British companies can go on delivering the healthy dividend growth rates that UK institutions crave.

Nevertheless many British companies have been crippled. The leading sectors this year have included water, electricity and food retailing, representing cosy monopolies or oligopolies which can brush aside the recession. But sectors such as chemicals, metals, aerospace and construction have slumped. Among the 100 shares in the Footsie the worst performers have included a variety of recession-hit industrials such as ICI, Arjo Wiggins and Fisons, while Lasmo and BP have been victims of the poor oil prices which have resulted from slow economic growth around the world.

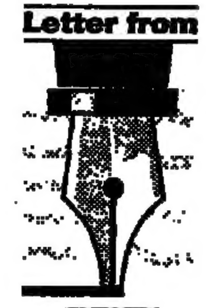
Portfolio managers have been obsessed this year by the timing of any recovery and the desirability of switching from recession-proof to recovery stocks. There have been one or two false dawns. Small companies have continued to perform badly for much of the year. But in the past few weeks another flurry in the second-liners has begun. More indices have been created to allow professional investors to follow better these swings and roundabouts among the big, the medium-sized and the small stocks.

HSBC, the year's Footsie winner, is something of a freak, with the Midland Bank share price's takeover gains being compounded by the Hong Kong market windfall and the dollar appreciation bonus of its new parent, the Hongkong and Shanghai Banking Corporation. Elsewhere, insurance and media recovery stocks dominate the top performers' list, and water companies such as Thames Water are a little way behind.

For 1993, if more manufacturers and capital goods stocks do not feature in the winning list, something will surely have gone seriously wrong with the British economic recovery.

Sun, surf and Santa

Letter from



SYDNEY

Christmas is coming and the price of prawns is going up, illustrating both the changing nature of the Australian Christmas and the danger of over-exploiting fragile fishing grounds.

Apart from the weather, an English visitor of 30 or even 20 years ago would have been hard pressed to spot the difference between Christmas in Sydney and Christmas in Sydenham, south London. Inspired by the view held by Sir Robert Menzies, Australia's prime minister from 1946 to 1965, who portrayed his country as the modern-day jewel in the British crown, Australians were still doing everything they could to evade the realities of the un-English climate and geography.

Ignoring summer temperatures of 30 degrees centigrade or more, families ate heavy meals of hot turkey, roast beef and plum pudding, and then watched or listened to the Queen's traditional Christmas day broadcast from London. Presents were piled around imported Christmas trees, holly wreaths were nailed to front doors, and the most enthusiastic attempted to simulate the effect of snow on window panes.

Even in the 1960s, there must have been plenty of Australians of non-British heritage who thought this collective attachment to the "traditional" Christmas a bit strange in a country where December falls in midsummer. But few of that generation of immigrants felt able to resist the pressure from the Anglo-Saxon majority to conform by becoming more Australian, which meant, of course, more British.

Now attitudes are changing, and the style of Christmas celebrations is becoming less homogeneous, reflecting the move towards a more genuinely Australian culture which started a decade or so ago.

For one thing, Australian government policy is now officially multicultural, which has helped give minority ethnic groups the self-confidence to develop or reinterpret their own Christmas traditions.

For another, the sheer number of immigrants who have come to Australia since the second world war (more than doubling the population from 8m to 17m) have altered the ethnic balance of the population and weakened ties with the so-called mother country.

Fewer than 60 per cent of Australians now claim family ties with Britain and Ireland, compared with more than 90 per cent 40 years ago. The New Australians are Italian, Greek, Yugoslav, Arab and, increasingly, Asian.

Few of the new Australians will spend Christmas day in the house or garden, where the Menzies-era Australians felt most comfortable. They will be at the beach, or at the many parks and recreation areas maintained by local councils, which often include family-style barbecues.

Others will work out their own compromise between tradition and common sense. A Swiss friend plans to cook her family's traditional Swiss ham outside in a barbecue. English friends will cook a turkey the day before, and eat it cold with salad.

But it is not just recent immigrants who are finding new ways to celebrate Christmas. Many Australians of British extraction whose families have lived in their new homeland for generations are also taking a fresh look at the merits of tradition. After all, Britain has been consciously cutting its ties with the old dominions since it joined the European Community in 1973, encouraging Australians to come to terms with their own region.

From this perspective, Paul Keating, the Labor prime minister, was only reflecting the drift of opinion when he suggested earlier this year that Australia should become a republic and remove the Union symbol from the corner of the national flag.

These ideas are still at the formative stage, and it may be years before either comes to fruition. But once people start thinking about such weighty ideas as national destiny, just about every facet of life is likely to come under the microscope.

So it is hardly surprising that there are less frost-inspired decorations around this year, or that snowy windowpanes have almost entirely disappeared, or that fewer Christmas cards feature horse-drawn sleighs jingling down snowy village lanes.

Even the schools are getting in on the act. Children are still making models of Santa's sleigh, but the motive power is more likely to be supplied by kangaroos than reindeer. And koalas and wallabies are appearing in the Christmas stable.

There are still some oddities about Christmas Down Under. At my local carol service in north Sydney, for example, shirt-sleeved children sang uncomprehendingly about events In The Deep Mid-Winter, and appeared entirely unimpressed by the Boxing day trials of poor, frozen, Good King Wenceslas.

Increasingly, however, Australians are ready to put their own stamp on Christmas, even if no two people agree about what it should be. In time, a uniquely Australian Christmas may emerge, reflecting the development of a more mature and self-confident society.

But for now, it's everyone for himself. Me? I shall be throwing another prawn on the barbie, and dreaming of a white Christmas.

Kevin Brown

Out of the mouth of babes and businessmen

Roderick Oram compiles the business quotes of the year

What is good for Volkswagen is not necessarily good for Europe."
Jean-Pierre Chevènement, former Socialist defence minister and anti-Maastricht rebel.

'The European boat has to learn how to sail with the German elephant aboard'
Gianni Agnelli
Head of Fiat, on Germany's economic power

"I am tempted to take my family, go to my yacht and sail away."
Bernard Tapie, Adidas owner, after resigning from the French government.

"De Beers would rather cut its throat than the dividend."
Richard Stuart, a leading Johannesburg analyst, shortly before the company predicted it would cut its final dividend for only the second time in its history.

"I like to buy a company any fool can manage because eventually one will."
Peter Lynch, legendary former head of Fidelity Investments' Magellan Fund.

"It's been four years and we still don't know what we have in inventory and we still don't know what we're selling."
Sir Richard Greenbury, chairman of Marks and Spencer, on information systems at Brooks Brothers, its US store chain.

"After 150 years, we've finally learned how to run a railroad."
John Snow, chief executive of CSX, after the US railway group raised profits 19 per cent on flat revenues.

"Imagine the outcry from the black community if a brewer were to market a liquor entitled Martin Luther King Beer, or from the Christian Community for a Jesus Christ White Wine."
Gregg Bourland, chairman of South Dakota's Cheyenne River Sioux Tribe, after Hornell Brewing named its new malt liquor Crazy Horse.

"It has a strong, fruity fragrence accentuated with floral top notes."
Mark Cash, an Esso advertising executive, on the odour of a new diesel fuel.

"We Swiss may get up early, but we wake up late."
Zurich banker after the Swiss voted against joining the European Economic Area.

"In French we have an old Arab saying: let the jackals bark; the caravan carries on."
René Leclézio, chairman, of Lonrho, on the media's "misleading campaign of hysteria" about the international trading conglomerate.

"If your house price has fallen, you are afraid of losing your job, and you have high levels of personal debt you are bloody well not going to go out and spend money no matter where interest rates are."
Geoff Mulcahy, chairman and chief executive of retail group Kingfisher.

"Here is the person to be your minder, godfather, counsellor ... He has one authority – he's going to control the purse strings."
BTR's message to Hawker Siddeley executives after it won control of the company with a £1.55bn bid.

'Other people at the top, like Nigel Mansell and Rod Stewart, are paid huge sums of money, so why not businessmen?'
Greg Hutchings
Chief executive of Tomkins, defending his salary of some £1m

'We've already had a million Germans and a million British guests, and to have those numbers in France without a war going on is really something'
Michael Eisner
Head of Disney, on visitors to its French theme park

"Stopping the company going into receivership in October 1990 and October 1991. I'm sorry I didn't perform a hat-trick."
David James, company doctor-chairman of Davies & Newman, on his greatest achievement. The December 1992 EGM voted to wind up D&N and sell Dan-Air, its main asset, for £1 to British Airways.

"James has a lot to contribute. But he may become part-time and decide to elect for a non-executive role."
Derek Bonham, chief executive of Hanson, the Anglo-US conglomerate, on the future role of Lord Hanson, the group's founder and chairman.

"I often tell people I sleep like a baby. I wake up every 10 minutes screaming."
Tony Ryan, chairman and founder of GPA Group, the aircraft leasing company, three months before the group's $800m flotation was abandoned.

"When the whorehouse burns down, the pretty ones run out with the ugly."
Roland Shaw, chairman of Premier Consolidated Oilfields, setting his own sliding share price in the context of the oil sector's collapse shortly before he agreed to relinquish his executive role.

"It doesn't take an Einstein to figure where the opportunities are ... And if that is a society moving towards capitalism, then that's the place for me!"
George Walker, ex-boxer, ex-chairman of Brent Walker, on why he and his wife were exporting cigarettes to Russia.

"They tend to be splintery-type crumbs rather than ball-type crumbs."
Brian Lambe, finance director of Clifford Foods, on the company's decision to start producing Japanese crumbs for breaded fish makers.

"People take me for either an idiot or a hooligan. I believe I am neither one nor the other."
Jean-Luc Lagardère, reacting to critics of his plan to merge his Hachette book and magazine publishing group with his Matra defence and transport company.

'The last three years have been a bloody nightmare'
Alan Sugar
On the trials of running Amstrad

Further Sugar lumps:
"Prime karaoke candidates."
On whingers at the EGM.

"I don't want to convince anyone of anything."
On why he had failed to visit the City to discuss his offer to buy out Amstrad shareholders.

"If the shareholders were to turn me down, one has to take it quite bluntly that they think I've been lying to them."

"I've told them it's best for them to get out. If they don't believe me, it's because they think I'm trying to trick them. That's the most hurtful thing at the moment."
On shareholder rejection.

"I've sold lots of shares and made a personal fortune ... Look, in 1980 I had a company which was worth nothing."
On the joys of taking Amstrad public.

"I'm a miserable sod."

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Privatisation: gas provides a lesson

From Mr T S Corrigan.

Sir, Proposals put forward by Sir James McKinnon, the gas regulator, that British Gas should be divided and his remarks on the permanency of conditions in the prospectus, which undoubtedly proved attractive to investors at the time, highlight the uncertainty facing users of postal services.

In announcing its plans to privatise ParcelForce and the wider review of the Post Office, which could result in further privatisation, the government has committed itself to the continued provision of nationwide parcels and letters services at uniform and affordable prices and a nationwide network of post offices. It has been stated unequivocally that these requirements are not negotiable.

Last month the council which I chair submitted its views on the government's two initiatives. In the case of ParcelForce we have stressed that if the universal service obligation is accepted by a purchaser it is important that the means are put in place to enforce the honouring of that obligation. Users expect appropriate machinery to be established to ensure the required standard of service, price and adherence by the provider. They also need to know how government proposes to guarantee continuation of the universal service should the purchaser of ParcelForce fail or, as is now occurring in the case of British Gas, a significant change of direction be mooted some years on. Similar guarantees and the means to enforce them will be required in the event of a decision to privatise Royal Mail or Post Office Counters.

Our understanding is that these issues are still under consideration by government. I believe it is vital that careful account is taken of the implications and the outcome of what Sir James McKinnon has now proposed for British Gas.

T S Corrigan,
Post Office Users' National Council,
Waterloo Bridge House,
Waterloo Road, London SE1 8UA

National lottery: a means to fund a better quality of life

From Baroness Seear.

Sir, In your article on the national lottery ("Monopoly game", December 10), you point out that the funds from the lottery will be channelled to charities by the national heritage secretary.

Charitable voluntary organisations have in recent years become increasingly dependent on grants from government departments and there is a serious danger that many of them may become little more than administrative agents of the departments. Yet it is widely recognised that the value of voluntary organisations is their ability to criticise established practice, to experiment and to initiate work which such dependence can seriously undermine. To halt this trend alternative sources of finance, totally independent of government, are urgently needed.

The national lottery provides an opportunity not to be missed.

Baroness Seear,
House of Lords,
Westminster,
London SW1

From Mr Denis Vaughan.

Sir, Your leader writer seeks to be more in love with financial principles than with the quality of life. The reason we proposed a national lottery was to fund those areas of British life which are dramatically underfunded. Our board defines quality of life objectives as those which make available to the individual, from all walks of life, the widest possible range of healthy and vital leisure activities, so that all may enjoy fuller and richer lives.

On the advice of some of the best economists in the UK, our board has proposed that the National Lottery should be mounted as a charitable foundation, with specific purposes. Thus it would increase the current £17bn turnover of charities to an estimated £18bn. The foundation, an idea first put forward by Sir Robin Day, would be out of the reach of government manipulation and thus in a position to make a genuine contribution to *new* ventures, with participation in arts, sports and the environment as particular aims.

The most successful business in Norway is its lottery, which is untaxed. Britain would be wise to follow this example. Residual funds, after prizes and expenses are accounted for, would go into the foundation, rather than to the Treasury as direct tax. The funds that will flow back to Treasury as a result of the lottery's operation will increase, because of its "feel good" effect on the public. In the Irish Republic both the top 20 charities' income and the betting duty have increased since the lottery started to function.

Were the UK lottery market to be opened up to a variety of competitors as you propose, no single lottery would be able to offer the large prizes which, throughout the rest of the world, attract massive and regular participation. So the total funds available for the regeneration of life throughout the country would be considerably reduced.

Denis Vaughan,
executive director,
Lottery Promotion Company,
21 Floral Street,
London WC2E 9DG

Restrictions on access to US market to blame for breakdown of BA-USAir deal

From Sir Colin Marshall.

Sir, British Airways' reluctant decision to terminate its agreement to invest $750m in USAir may indeed mean that a significant opportunity has been lost to liberalise transatlantic air services, but not for the reasons put forward by Stephen Wolf (Letters, December 22).

The proposals tabled by the UK government in early October show very clearly that the UK has offered to remove the restrictions on services that may be operated from any airport, including Heathrow, by airlines of both sides.

The talks broke down because the US demanded immediate and unlimited access to the UK market while maintaining high protective barriers to its own market, which is 40 per cent of air transport worldwide. Had they been prepared to agree to relax their outdated restrictions on inward investment, the two countries would now be on an assured path to a fully liberal agreement.

Colin Marshall,
deputy chairman and chief executive,
British Airways,
Heathrow Airport (London),
Hounslow TW6 2JA

St Andrews apostrophed

From Douglas Gourlay.

In your otherwise excellent report on university research ("Top-quality research 'is scarce'", December 18), you include in your list of universities that of St Andrew's. I have never heard of this university, although I am fortunate to have a research degree from St Andrews University in Fife. Perhaps we will be seeing a Leed's University in next year's table.

Douglas Gourlay,
137 Desswood Place,
Aberdeen,
Scotland

Too too bad

From Mr John Anstis.

Sir, Re Observer's "Dreaming spiral" (December 18) what manner of Oxonian would write "the hoi polloi" – "the the many".

John Anstis,
Stratford Lodge, 4 Park Lane,
Salisbury, Wiltshire

OBSERVER

Up and down at Barron's

■ For 26 years his column has been among the best loved – and feared – on Wall Street. But now Alan Abelson, the colourful 67-year-old editor of Barron's, has been sacked by his overlords at the mighty Dow Jones publishing group.

To be fair, Dow Jones has only asked Abelson to resign as editor and wants him to continue writing his outspoken and market-moving "Up & down Wall Street" column under a new editor.

But Abelson, who only this week was calling for the boss of IBM to quit and the company to be declared an official disaster area, knows better than most the various ways to get rid of people without calling it "the sack".

Few financial journalists have been as influential as Abelson, who has edited Barron's since 1981 and has worked there for 35 years. Indeed, in the minds of many of Barron's 250,000 subscribers the weekly magazine is indistinguishable from the editor himself.

"I came out of the womb and the first thing I saw was the Barron's logo," Abelson joked yesterday.

So what happened? "Two weeks ago I came to work and was told that Dow Jones wanted a new editor. It's a reasonable choice. It's their shop. I guess I'm a bit long in the tooth, although my teeth are still pretty sharp," says Abelson.

He would have liked Kathryn Welling, a protégé and associate editor, to take over. "But she is going into the business of mothering," and has decided to "take herself out of the loop, as George Bush would say."

The worry now is that Dow Jones will replace Abelson with a Wall Street Journal editor. If so, it could result in the sort of internal row which Abelson has so enjoyed reporting over the years. But for the moment he is behaving impeccably. "I have never felt this good in my memory. All of a sudden the weight of the world has been lifted off my shoulders."

Sounds uncharacteristically diplomatic for Abelson.

Spanish practice

■ A colleague flying to Spain with British Midland after Christmas was advised by the airline to telephone Avis about renting a car.

Yes, said Avis, we have a special deal for British Midland customers: £400 for two weeks. When mild disbelief was expressed at the rate demanded, the reservations clerk responded immediately with an even more special deal of £200.

The moral for prospective customers seems clear: when dealing with Avis, act on the company's slogan and try harder.

Beyond our Ken

■ Who would have thought it? The Sun is inviting its readers to write and complain. Not normally known for its contribution to raising readers' standards of literacy, the tabloid is cockily enjoining its faithful followers to, well, pen a letter of complaint about the content of Britain's top selling daily newspaper.

Ken Donlan, former Sun managing editor and Ombudsman these past four years, dealt with two big cases and heavily censured the paper, the tabloid informs us yesterday in an article flagged "Save our Ombudsman". But since then – shock, horror, probe – nothing.

'Ebenezer Scrooge, I am the ghost of Christmas future'

So wake up readers. Save his job by telling him "how you, personally, have suffered from intrusion or inaccurate reporting".

Sounds as if the Sun's editorial powers-that-be are trying to come up with an unusual foil for those politicians currently making nasty noises about anything from privacy to accuracy to a right of reply.

Sacks tax

■ The Swiss may be a bit befuddled after voting for isolation from the rest of Europe in a referendum earlier this month, but they are still Swiss. From January 1 in many communities, new regulations come into effect on the handling of household rubbish, designed mainly to require people to pay directly for rubbish collection.

In Zurich, refuse will not be picked up unless it is in specially coloured bags that include the tax in their purchase price. Of course, these are now sold out.

In Basle, residents must purchase and stick on each bag a little tax stamp. And woe betide those who fail to do so. "The local authority is entitled to open bags that do not have a sticker attached to discover the culprits," a city notice warns.

And being a Swiss authority, no doubt it will.

Big stick

■ Watch out, Baroness Brigstocke is on the prowl. The former High Mistress of St Paul's Girls' School, whose no-nonsense style has sometimes been compared with Lady Thatcher's, has been appointed an associate director of the powerful, but secretive, Great Universal Stores.

Although she once did a stint as a shopgirl at Selfridges, Heather Brigstocke made her name as Britain's most formidable head mistress. Since she quit teaching in 1989, she has been doing some consulting work for GUS and has now been given a title and a job – advising Lord Wolfson's family retailing business on training and personnel.

She says she is "enormously impressed" with the young women she meets in GUS but feels that there is "far more potential in the workforce than has been realised". Sounds familiar. Must try harder, girls.

Tail spin

■ The spirit of *amukadari* – the "descent from heaven" of Japanese civil servants to senior positions in industry – appears to have been turned on its head at Mazda. Kenichi Yamamoto, who developed the carmaker's rotary engine and led its 1980s expansion, has stepped down as chairman, where he is replaced by Norimasa Furuta, to become "supreme adviser".

FINANCIAL TIMES
Wednesday December 23 1992

Refugees lost in a foreign land

Judy Dempsey in Croatia talks to Bosnian survivors of Serb camps

SOMETIMES Nenad stands for hours on the main square of Karlovac, an elegant 19th century town south of Zagreb, the Croatian capital. There, in the bitterly cold fog, he waits for news of his mother and two sisters of whom he has heard nothing since May 26. That was the day Serb paramilitary units entered his home in Kamicani village, northern Bosnia.

"I was arrested on that day. I don't know why. All the men in the village were rounded up and moved to the camp at Keraterm. In early June, we were moved to the Omarska camp. All I know is that my sisters and mother were taken away to the sports hall near Prijedor, in the north of the republic. I have heard terrible reports about rape, but I do not want to think about it," he said.

Nenad, aged 22, was dressed in a jumper, jeans and anorak provided by the International Red Cross. He has no other belongings. Neither does he have a home to which he can return. "My father was forced to sign away our house. He has disappeared. The entire village has since been destroyed," he said softly.

He spent 72 days at Omarska, and then, along with hundreds of others, was transferred to Manjaca, in northern Bosnia. "That camp was very bad," he explained. "Many people were murdered, often in cold blood. There were massacres, carried out in front of our eyes. For a while, about 20 or 30 people were killed each night. Their bodies were piled upon each other. The next day, they were sometimes burned. At times, I could not bear it." He paused. He lowered his eyes and started to cry. "I want to be with my family. I want to live in peace. Please help us," he said, placing his hands over his face.

Nenad is just one of 3,000 former detainees, mostly Moslems, from Manjaca, who were finally released by Bosnian Serb forces in December. Many have similar stories to tell. Yet none feel bitterness or anger towards the European countries. "We are not blaming Europe in the way they treat Bosnia. Europe is not guilty. It is we who are the guilty ones because we were too peaceful. We should have armed ourselves. All we ask now is for weapons," said Rusmir, a 43-year-old craftsman.

After negotiations with the Croatian government in November, the IRC set up a transit camp for the former detainees of Manjaca – the only camp in the entire former Yugoslavia – with the hope of resettling the refugees in a third country.

So far, the response from the international community has been abysmal, according to Mr Alf Nordström, one of the main Red Cross co-ordinators in Karlovac, a former Habsburg garrison town.

"These poor people have nothing left," said Mr Nordström. "Many countries promised to resettle them, but there have been a series of broken promises. These people are the victims of ethnic cleansing, yet the west is turning a blind eye to this inhumanity. Have we learned nothing from the second world war?"

The release from Manjaca camp has brought small relief to the former inmates whose helplessness contrasts sharply with the sounds of Christmas festivities from Croat restaurants behind the square. Many do not want to be resettled without first being reunited with their families. Besides, most want to go home to Bosnia. "It is my home," said Haris, a 33-year-old car mechanic. But Nenad does not want to think about going home. "Home is with my mother, and siblings, regardless of the country," he said.

Red Cross officials have no idea how to unite families that have been forcibly divided. "We do not know where the women and children are," said Mr Nordström, a Swede, who arrived in Karlovac three months ago to help the refugees. "Even if third countries stuck to their promises, these young men will not leave without their families. We are running out of room here," he added.

Every day, hundreds of young and old men gather in the square awaiting news of their relatives. On December 17, a bus bringing detainees from Manjaca arrived in Karlovac. Some women refugees who had escaped to Croatia, travelled to Karlovac to see if their sons, husbands or brothers were among those released.

"My children were not on the bus," wailed Amira, a 53-year-old mother of four sons. Local Bosnian Serbs had stoned the bus as it crossed the border into Croatia.

Every day, Amira travels from a refugee camp on the other side of Zagreb to see if her family will ever be reunited. But nobody can offer her hope, particularly because she is the mother of doctors and engineers. "It is hard to explain the process of selection," said Nenad. "In Omarska, for instance, the Serbs separated the professionals and the wealthy men from the manual workers. These were my neighbours. I never saw them again," he added.

Adil, a 45-year-old doctor said he was lucky to be alive. "Do you know about Katyn, when the Russians killed the cream of the Polish professional class during world war two?" he asked. A crowd of young and middle-aged men had gathered around, and listened in silence as Adil continued.

"The way the Bosnians were categorised reminded me of that. It is as if, when all this is over, there will be no solid professional or civil class to rebuild our society. I do not think the Serbs had a solid method or plan. But the way they selected people and then took them away makes me believe that they tried to prevent us from ever again creating a professional elite. Do you know what I mean?"

Nenad was still crying.

Moscow in turmoil over cabinet posts

By John Lloyd and Leyla Boulton in Moscow

THE RUSSIAN government was in turmoil last night as its radical and conservative camps strove to place their own ministers in portfolios responsible for the shaky reform process.

Mr Pyotr Aven, the trade minister, resigned and was reported to have told aides: "Once [acting prime minister] Yegor Gaidar went it was clear I was doomed."

Mr Aven, one of the "inner core" of young ministers who launched Russia's economic reforms last January, was in charge of negotiations with the Paris and London clubs of sovereign and commercial creditors. Russia inherited $70bn-$80bn of debt from the former Soviet Union.

President Boris Yeltsin, who was said by his press secretary to be suffering from a "slight cold", said on Saturday he would insist that new prime minister Viktor Chernomyrdin kept the reform team in his new government.

Mr Yeltsin's illness was serious enough to have caused the cancellation of tomorrow's planned meeting with Mr Leonid Kravchuk, the Ukrainian president.

The Russian president will also again put back the meeting - already postponed three times – with the heads of the Commonwealth of Independent States in the Belorussian capital, Minsk, set for Friday.

As the government battle raged on in spite of Mr Aven's resignation, it was clear last night that the struggle for reforms was still going on and had reached a decisive stage.

The two senior pro-reform ministers – Mr Anatoly Chubais, deputy prime minister in charge of privatisation, and Mr Alexander Shokhin, deputy prime minister for foreign economic affairs – were said to be using the president's support as leverage to gain the appointment of Mr Boris Feodorov.

The aim is for Mr Feodorov, Russia's representative at the World Bank, to become deputy prime minister in charge of the ministries of finance and the economy.

Under a new government law approved by parliament yesterday, Mr Yeltsin will lose direct control over four vital ministries – foreign affairs, defence, interior and security.

Ministers for these portfolios must now be agreed by parliament. The move is likely to spell the end for Mr Andrei Kozyrev, the unpopular, liberal foreign minister – assuming he has not not already been excluded from the cabinet list drawn up by Mr Chernomyrdin and Mr Yeltsin.

Deputies also voted against a proposal from Mr Yeltsin that an article be inserted into the law on government confirming the president as the chief executive power – though it did allow him to sack the prime minister on his own account, rather than refer the issue to parliament.

● Russia had no present plans to introduce its own currency, Mr Valerian Kulikov, deputy chairman of the Russian central bank, said last night. Mr Kulikov said an article in the daily Izvestiya quoting him as saying that such a decision was due "any day now" was inaccurate.

France to renew UK electricity contracts

By David Lascelles, Resources Editor, in London

ELECTRICITE DE FRANCE, the French state-owned utility, intends to go ahead with new contracts to sell electricity to the UK next year in the face of claims that French power is damaging the British coal industry.

Clarification of France's intentions came yesterday as Mr Michael Heseltine, the UK trade and industry secretary, rejected pressure to reverse his programme to close 31 coal pits at a cost of 30,000 jobs following a High Court ruling that it had been conducted unlawfully.

Mr Jean-Pierre Guery, the head of European sales, said that EdF would seek to renew its membership of the UK electricity pool, the market for bulk electricity, when it expired in April. It has already begun to negotiate contracts with individual electricity companies.

EdF currently sells about 16.5tWh of electricity a year to the UK through a cross-Channel link.

This is equivalent to 5-6 per cent of electricity sales in England and Wales. But British Coal claims that these sales are reducing the potential market for UK-mined coal by 6-7m tonnes a year, and costing over 6,000 miners' jobs.

The future of the 10-year-old cross-Channel link is one of the issues being examined by Mr Heseltine in his energy review. Some MPs have called for the link to be severed, or for changes to enable exports of UK electricity to France.

Mr Guery questioned whether the UK could block electricity imports under EC rules. And although EdF was willing to consider imports of UK electricity, he doubted that there was any early prospect of this because UK prices were too high.

EdF has been arguing in evidence to the UK government and the select committee of MPs who are looking into the coal crisis that severance of the link would damage consumers' interests by driving up prices.

It also claims that a cut in imports would not enlarge the market for coal. This is because EdF's power supplies the south of England which is served mainly by oil-fired power stations.

EdF has also rejected charges that it is subsidised. Though state-owned, it says it is a free-standing commercial company which is expected to make a profit, and provide in full for its liabilities.

In London, Mr Heseltine said that mining would not restart at the 10 pits which the High Court ruled must be subjected to independent review before they are closed.

"What the court was concerned about was the independence of the consultation process that is under way," he said on BBC radio.

GEC Alsthom in HK$20bn power deal

By Andrew Baxter in London and Simon Davies in Hong Kong

GEC ALSTHOM, the Anglo-French engineering group, and General Electric of the US yesterday won one of the world's biggest power plant contracts with a deal believed to be worth about HK$20bn ($2.6bn) to supply equipment for a power station in Hong Kong.

A consortium led by GEC Alsthom will supply plant for the 2,400MW first phase of the Black Point combined cycle gas turbine power (CCGT) station. It fought off a challenge from Siemens of Germany to win the deal.

Black Point is the world's biggest CCGT station to be announced this year, and vies with a plant planned by Tokyo Electric Power as the world's biggest CCGT station. CCGT uses gas and steam to provide power more efficiently and cleanly than coal-fired stations.

The Hong Kong government yesterday gave formal approval for Black Point, which will be Hong Kong's first power station fired by natural gas. Due to start operating in 1996, it will have an eventual capacity of 6,000MW.

The deal caps a successful year for both GEC Alsthom and GE following their co-operation on development of the 9FA gas turbine, the world's largest gas turbine. Eight of these, built in France and the US, will be used at Black Point in combination with US-built generators.

The contract underlines the growing importance of the Asian market for major western power equipment producers, and comes as the use of gas for power generation is being questioned in the UK following a row over the government's botched plan to close 31 coal mines.

The consortium signed the deal with Castle Peak Power, which is 60 per cent owned by Exxon Energy and 40 per cent owned by China Light and Power, the monopoly supplier of electricity to Kowloon and the New Territories of Hong Kong.

CLP said the project underlined the company's confidence in Hong Kong. The Chinese government only recently threatened not to honour Hong Kong government-guaranteed franchises extending beyond 1997, unless they have been approved by China.

But China is playing an integral part in the CCGT station, since Black Point is to make use of a natural gas field off Hainan Island.

The main plant supply contract is being financed through export credits from France, the UK and the US and a commercial loan fully underwritten by a group of international banks.

The total financing package, which is expected to exceed $2bn, was arranged by J. Henry Schroder Wagg and Wardley Capital, with Société Générale as lead manager for the French export credit.

World Weather

		°C	°F
Ajaccio	S	16	59
Algiers	F	17	63
Amsterdam	C	3	37
Athens	S	15	59
Bahrain	T	17	63
Bangkok	F	33	91
Barcelona	F	12	54
Beijing	S	-4	25
Beirut	C	15	59
Belfast	S	1	34
Belgrade	C	1	34
Berlin	C	-1	30
Biarritz	S	12	54
Bombay	S	32	90
Bordeaux	F	11	52

		°C	°F
Boulogne	C	3	37
Brussels	S	3	37
Budapest	F	0	32
Buenos Aires	F	29	84
Cairo	C	16	61
Cape Town	S	23	73
Caracas	F	28	82
Casablanca †	F	16	61
Chicago †	S	-2	28
Cologne	R	5	41
Copenhagen	S	2	36
Corfu	S	13	55
Dallas †	C	11	52
Dublin	C	5	41
Dubrovnik		-	
Edinburgh	C	1	34
Faro	C	17	63
Florence	F	13	55

		°C	°F
Frankfurt	R	6	43
Geneva	Fg	5	41
Gibraltar	S	16	61
Glasgow	Fg	0	32
Helsinki	S	-2	28
Hong Kong	F	23	73
Innsbruck	S	4	39
Inverness	S	1	34
Islamabad	F	20	68
Istanbul	F	4	39
Jakarta	R	32	90
Johannesburg	T	14	57
Lisbon	C	11	52
London	S	4	39
Los Angeles †	S	6	43
Luxembourg	Fg	6	43
Madeira	S	14	57
Madrid	F	10	50

		°C	°F
Majorca	F	17	63
Malaga	C	16	61
Malta	F	18	64
Manila	F	32	90
Melbourne	R	17	63
Mexico City	F	23	73
Miami †	S	19	66
Milan	C	6	43
Montreal †	C	-3	27
Moscow	S	-8	18
Munich	C	7	45
Nairobi		-	-
Naples	F	13	55
Nassau	F	26	79
New Delhi	S	21	70
New York †	C	4	39
Nice	F	14	57
Nicosia	S	15	59

		°C	°F
Oporto	F	13	55
Oslo	F	-8	18
Paris	C	5	41
Prague	C	2	36
Reykjavik	R	7	45
Rhodes	S	14	57
Rio d'Janeiro	F	37	99
Rome	F	16	61
Salzburg	S	5	41
S'Francisco †	S	5	41
Seoul	S	2	36
Singapore	R	29	84
Stockholm	S	-3	27
Strasbourg	C	7	45
Sydney	S	24	75
Taipei	C	22	72
Tangier	F	17	63
Tel Aviv	R	12	54

		°C	°F
Tenerife	F	18	64
Tokyo	S	15	59
Toronto †	C	0	32
Tunis	C	15	59
Valencia	F	14	57
Venice	F	8	46
Vienna	C	1	34
Warsaw	S	-4	25
Washington †	F	1	34
Zurich	C	4	39

Temperatures at midday yesterday
† Noon GMT temperatures
C–Cloudy Dr–Drizzle
F–Fair Fg–Fog H–Hail
R–Rain S–Sunny
Sl–Sleet Sn–Snow
T–Thunder

THE LEX COLUMN

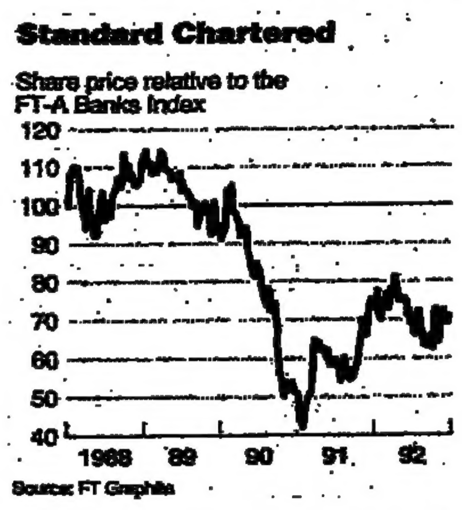
A Standard solution

It is difficult to exonerate Standard Chartered entirely from the charge that it is selling the family silver to pay for its losses in Bombay. Had it not had to make £100m in provisions on its Indian business this year, its capital ratios would be stronger. But the bank's sale of real estate in Hongkong, Singapore and Malaysia is also a response to a more serious underlying problem; its capital is denominated in sterling while its assets are mostly in dollar-related currencies.

Without the property proceeds, sterling's depreciation would have taken its tier 1 ratio down to only around 4.6 per cent at the year end. Instead the ratio should end up at a more comfortable level close to 5.5 per cent, enabling the bank to keep pace with Asia's rapid economic growth. An alternative solution might have been to raise dollar preference capital, but Standard seems cautious about taking the plunge, possibly because its developing world involvement would make US disclosure requirements particularly onerous.

Relief that the bank had not decided to solve the problem through a rights issue helped its shares advance 4 per cent yesterday. They may have further to rise, but there is a danger in getting carried away. The Bombay scandal will mean a high tax charge as well as provisions this year; Standard will have to make additional provisions on its £100m Isosceles exposure. Then there is its reputation for being accident-prone. The bank is at pains to stress the commercial justification for selling its Hongkong property at this stage in the cycle. If it is right, one has to hope it will not now use the proceeds to lend aggressively on real estate.

FT-SE Index: 2842.0 (+34.3)



Source: FT Graphite

UK economy

Those who have been pacing the economic garden in search of green shoots may derive modest encouragement from yesterday's trade figures. Excluding erratic items, the volume of non-oil exports grew 4 per cent in the three months to November, while imports were flat. That is doubly gratifying, as it is too early to expect September's devaluation to have had much effect on export volume. Perhaps rising British productivity will make for a spot of export-led recovery. At least, net exports should make a positive contribution to fourth quarter GDP.

How far the advantage can be sustained is another matter. Devaluation benefits may be offset by declining demand elsewhere in Europe, leaving the UK to rely on increasing its share of a dwindling market. The depreciation of sterling against the dollar may help win new business in the growing markets of Asia and Latin America, but even this is unlikely to compensate for a likely rise in both the value and volume of imports.

That the devaluation is already having its effect on imports is clear from the 4 per cent rise in their unit value in the latest quarter. Volumes may rise, too, at the first sign of real domestic recovery. Indeed, the 12 per cent fall in car imports over the quarter to November looks something of a blip, given the revival in registrations. It may be 1994 or even later before the trade deficit reaches unmanageable proportions. Just the same, worry about the trend will probably overhang the recovery from mid-1993.

Aircraft orders

Most industries would regard landing a $3.4bn order as a pleasant way to end the year. However for Airbus, yesterday's agreement with Singapore Airlines to supply 20 long-range jets can only be cold comfort. The market for new airliners has been softening all year and two weeks ago Northwest Airlines cancelled orders worth $3.5bn. Worldwide, more than 800 civil aircraft were delivered last year; the total may fall to 500 by 1994.

Boeing, Airbus and McDonnell Douglas are all reducing output, but further cuts will be needed. By some estimates airlines are at present not using between 10 and 15 per cent of their capacity. The parlous finances of many carriers mean that more are likely to cancel orders. In addition, the status of some planned purchases by the Irish leasing group GPA – which alone accounts for 10 per cent of all aircraft currently on order – is uncertain. Besides, companies which have placed orders recently want delivery in the second half of the decade.

Military business used to protect some manufacturers from such cyclical swings in the civil airliner market, but defence cuts are forcing aircraft makers and their suppliers to transfer as much business as possible into the civil area just as the market worsens. British Aerospace is one company caught in this down draught, yet its shares have recently been supported by a possible further large order from Saudi Arabia and a joint venture with Taiwan. Either may bail out the company in the short term, but the much-touted Airbus profits seem as far away as ever.

Christie's

Christie's confirmation of faint stirrings in the art market comes as a considerable relief to the hard-pressed auction house, but it may have a wider significance too. Increased demand for pretty pictures adds to the impression that the investing classes are finally recovering their nerve.

Although modest, Christie's 4 per cent improvement in dollar-denominated sales this autumn shows the serious art market is at last heading in the right direction. The number of lots topping $1m rose from 34 to 38, with a sale of impressionist paintings in New York being particularly well-supported. Demand has been fuelled by private American buyers rather than the Japanese corporations and Australian entrepreneurs who drove up prices in the 1980s. America's wealthy may believe they have seen the floor for asset prices. Alternatively, they may simply be fed up with the returns from cash or IBM shares.

The art market, is, though, still severely depressed, as Christie's and Sotheby's sorry profits testify. Sales stand at only 40 per cent of peak levels. Christie's decision to follow Sotheby's in lifting its buyer's premium from 10 per cent to 15 per cent should help margins rebound when real recovery takes hold. Added to their seller's commission, the auction houses will keep up to 25 per cent of the price of many sales. Such are the joys of duopolies, if not of fickle markets.

INSIDE

French retailers in a chilly climate

When Mr Jean-Jacques Delort this week resigned as chairman of Printemps, one of France's most famous department store groups, he closed the latest chapter in the saga of French retailing. His departure, following a row with Mr François Pinault, whose industrial group acquired Printemps last year, is only one of the dramas to have hit French retailing in the past week. Page 12

Beefing up guinea-pigs

Locals in the high Peruvian Andes have been eating guinea-pig (above) for millenia, with the traditional portion being one animal. Now a programme of genetic improvement is starting to bear fruit. The guinea-pigs are getting bigger, and now one can serve four hungry countrydwellers. Page 17

Restructuring helps Isuzu

Isuzu Motors, the Japanese vehicle maker with close links to General Motors of the US, yesterday announced a pre-tax loss of Y23.5bn ($191m) for the 12 months to the end of October. The result was an improvement on the previous year's loss and a sign that its restructuring programme is making an impact. Page 13

Slowdown in Columbia

For Colombia, 1992 has been a very difficult year as severe power rationing, low coffee prices and guerrilla attacks on the oil and mining industries took their toll on economic growth. This has been reflected in the performance of the Colombian stock market which has risen more modestly this year than last. Page 30

Slow growth for equity offerings

Difficult stock market conditions in Europe and the US held the growth in international equity offerings in check this year. The total volume of international equity issues increased only 7 per cent, according to figures compiled by Euromoney. Page 14

Understated confrontation

A potentially long and tense confrontation between Union Bank of Switzerland (UBS) and its largest shareholder began yesterday in a typically understated Swiss way. Page 12

DCC in bid for Wardell Roberts

DCC, Dublin-based industrial holding group, has made a recommended bid for Wardell Roberts, the Irish snackfood and healthfood distributor, just a week after backing a management buy-out of Printech, a printing supplier to the computer industry. Page 15

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
GEHE	387	+	16
Heidelb Zem	850	+	35
PWA	148	+	5.5
Varta	280	+	6.5
Falls			
Colonia Konzern	775	−	10
VEW	216	−	9

NEW YORK ($)

Rises			
Delta	51½	+	⅝
Heart Tech	18	+	1⅜
IBM	50	+	1⅛
UAL	123¼	+	2
Falls			
Homestyle Buff	2½	−	⅜
Unisys	10⅛	−	⅝

PARIS (FFr)

Rises			
Bancaire Cie	394.1	+	17.1
Docks de France	390	+	21.5
Pernod Ricard	360	+	16.5
Rhone Pinc Cts	530	+	24
Falls			
Gal. Lafayette	1780	−	40
Unibail	348	−	17

TOKYO (Yen)

Rises			
Nippon Electric	440	+	49
Nippon Foil	310	+	25
Ricoh Elemex	1050	+	90
Yokohama Matsu	540	+	50
Falls			
Misawa Van	400	−	28
Okuma & Howa	330	−	22

New York prices at 12:30.

LONDON (Pence)

Rises			
Albrighton	13	+	3
Avonside	94	+	9
Bletchley	200	+	19
Christies Intl	145	+	11
Chrysalis	75	+	5
Clyde Pet	37½	+	2½
Eadie	18	+	3
GEI	75	+	10
Geest	365	+	11
Jones Shipman	20	+	3
Kynoch	40	+	5
Mallett	73	+	19
Mercury Asset	395	+	30
Nobo Group	122	+	6
Premier Cons	24	+	1¼
Rugby	243	+	14
Savoy A	713	+	80
Sabe	444	+	14
Standard Chtd	568	+	24
Falls			
Breedon	85	−	7
Chieftain	92	−	5
Hammerson A	261	−	10
Tadpole Tech	151	−	13

IRI to reveal plans for high-tech group

By Haig Simonian in Milan

DETAILS will be announced today of plans to create a single Italian high-technology group covering companies controlled by the IRI state holding concern.

Shares in Finmeccanica, IRI's aerospace and engineering subsidiary, were suspended yesterday pending an announcement.

The suspension also covered Finmeccanica's listed Alenia aerospace and Elsag-Bailey precision engineering offshoots. The moves are the curtain-raiser to an offer by Finmeccanica to buy out minorities in its two subsidiaries.

Terms of the deal, which has been preceded by detailed valuation work, will be released later today. Shareholders in Alenia and Elsag-Bailey will be offered equity in Finmeccanica.

It is not known whether there will be a cash alternative. Nor is it as yet clear why shares in Finmeccanica's quoted Ansaldo Trasporti subsidiary has not been suspended.

The plan crowns Finmeccanica's ambition to become the single quoted vehicle for all IRI's high-technology industrial activities. Apart from Alenia and Elsag-Bailey, Finmeccanica's operations include the big Ansaldo engineering and transport equipment concern.

The group, which has 56,000 employees, had sales of L10,966bn ($7.78bn) last year. After meeting a European Commission requirement to repay IRI L719bn in aid and interest to the Alfa Romeo cars group, formerly owned by Finmeccanica, it posted a 1991 loss of L525bn.

Finmeccanica executives have claimed that a single listing would provide substantial financial and marketing benefits. That strategy has been indirectly boosted by the new Italian government's privatisation plans. Last week, Mr Piero Barucci, the treasury minister, forecast eventual capital increases for both Finmeccanica and Stet, IRI's telecommunications holding company, including a much bigger role for private shareholders.

Finmeccanica took a first step in October, when it gained a stock market listing through the reverse takeover of its already-quoted Sifa property and securities trading arm.

Bankers question Finmeccanica's claim that a single listing will prove more attractive to investors than the current situation.

Heavy weather for BA's ambitious global strategy

Paul Betts and Nikki Tait on why the airline's proposed partnership with USAir was grounded

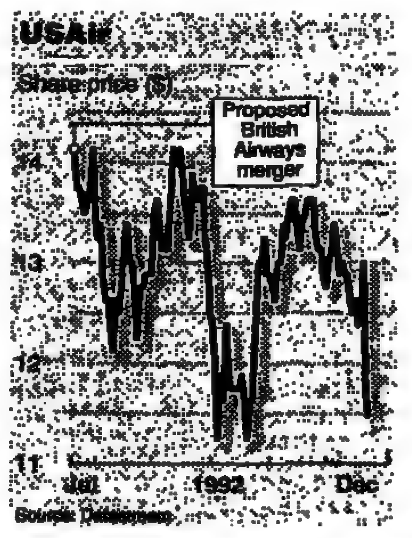
BRITISH AIRWAYS has fulfilled two of its three strategic goals this year to become the world's biggest global airline. But the most significant component of this strategy collapsed yesterday when the UK flag carrier announced it was pulling out of its proposed $750m deal to buy a 44 per cent stake in USAir, the sixth largest US carrier.

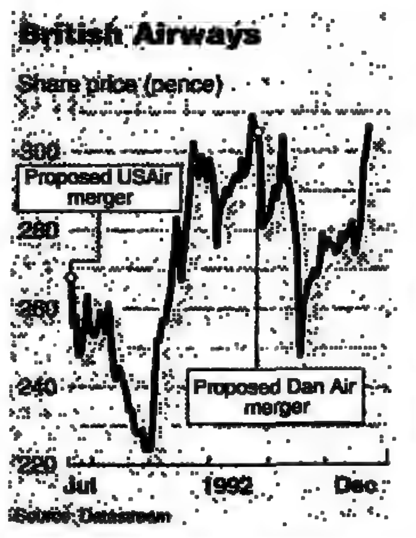
Last week, BA was chosen by the Australian government as the preferred international airline partner for Qantas. Earlier this year, BA consolidated its position in the European market by acquiring Dan-Air, the ailing UK regional carrier, taking large minority stakes in TAT, a French regional carrier, and in a new German airline venture called Deutsche BA. In Russia, it launched a new international joint airline venture with Aeroflot called Air Russia.

But the biggest prize was always a partnership with a US airline to strengthen BA's reach into the world's single biggest aviation market. After failing two years ago to forge a strategic alliance with United Airlines, BA last year sought to form a strategic alliance with KLM Royal Dutch Airlines and Northwest Airlines, KLM's US equity partner. That deal also collapsed and BA turned its attention to USAir.

For USAir, BA provided a financially strong partner giving it access to the international market. For BA, USAir provided the passenger feed it was looking for to boost its transatlantic operations.

The pressure to secure a ally in the US had been increasing for BA following the takeover of the old Pan American and TWA transatlantic routes two years ago by the big three US carriers American Airlines, United Airlines and Delta Air Lines. Since their multi-million dollar route acquisitions, these three airlines have launched an aggressive offensive into the European market. But suddenly faced with a direct challenge by BA into their own back yard, they ganged together to put intense pressure on their government to block the BA-USAir deal unless they were granted greater access into the UK market, especially BA's home base of Heathrow.





Lord King, BA's chairman, and Sir Colin Marshall, the UK airline's chief executive, argued strongly against any further opening of Heathrow to US carriers unless the US government eased its tight regulations on foreign ownership of US airlines and granted UK carriers more access into the US market.

The deadlock intensified with neither side prepared to give ground on the basic issue: greater access to Heathrow for US carriers in exchange for the BA investment in USAir.

However, the UK carrier has not given up the possibility of negotiating a revised deal with USAir in the New Year.

If the collapse of the deal is a strategic set-back for the British carrier, it presents a more immediate problem for the US one. Quite simply, USAir could have used the cash.

Ever since the BA proposal was announced last July, USAir has walked a lobbyist's tightrope. On the one hand, it has proffered its ailing financial condition and the fear of future job losses as reason for politicians to support the BA transaction. On the other, it has been anxious not to alarm the financial community, nor US travellers who have grown wary of distressed airlines.

But USAir's financial statements show that between the beginning of 1990 and the end of September, 1992, the company lost almost $1bn after tax. It is also carrying around $2bn-worth of long-term debt on its balance sheet – in part, the product of operationally-troublesome mergers with Pacific Southwest Airlines and then Piedmont Aviation in the late-1980s. These borrowings cost over $200m a year to service, while USAir last made an operating profit – a flimsy $21m – in 1989.

So how has the Arlington-based carrier stayed afloat? Like many of its competitors, USAir has become adept at collaterising assets and rescheduling aircraft deliveries. The carrier has also held a series of negotiations with its bankers.

Ashley Ashwood

Lord King calls a halt to the deal

More fundamentally, however, USAir has reorganised its flight schedules, pulled out of some Californian markets, and wound down its presence at the former Dayton, Ohio, hub. It has secured wage concessions from its main employees – flight attendants excepted – said to be worth $400m a year.

Whether the overall result of these moves adds up to profits in 1993 – let alone profits which meet the debt service requirements – depends to a considerable extent on the business environment which the carrier faces. This looks a little brighter on the back of the improving US economy, but a year ago, few would have predicted the savagery with which price-cutting gripped the industry in 1992.

"I don't think there's a short-term crisis right around the corner, but the environment is still very difficult," said Mr Robert Ray at Moody's, the US credit rating agency, which now has USAir debt ratings under review with direction "uncertain".

What appears clear is that USAir does not intend to remain a regional carrier. And since the company's main attraction is its strong East Coast-based route network, a Transatlantic partner is the obvious fit.

As for BA's own future, it clearly intends to try once more to forge a working partnership with a US carrier to complete its global strategy.

If USAir remains elusive, the UK carrier is likely to scour the US for another suitable match. The list of candidates, however, is becoming worryingly short.

Big Six accounts groups lift fee income

By Andrew Jack in London

THE WORLD'S largest six international accountancy networks boosted fee income 6 per cent to $31bn in the last year, according to figures to be published today by International Accounting Bulletin.

KPMG Peat Marwick topped the list with income from 124 affiliated firms up 2.3 per cent to $6.2bn in the year to September 30, while it reduced staff and partner numbers by 4 per cent to 73,488.

The remaining Big Six firms – in descending order by fee income – were Ernst & Young, Arthur Andersen, Coopers & Lybrand, Deloitte Touche Tohmatsu and Price Waterhouse.

With the exception of Arthur Andersen, most of the international networks are loosely integrated associations of firms which share referrals but not profits or liabilities.

Because they are partnerships, none publishes profit figures.

In spite of reduced staff numbers and the prolonged effects of the global recession, fee income for the leading 28 networks rose by 11 per cent, comparable with the previous year.

Andersen reported fee income up 12.7 per cent to $5.6bn in the year to August 31, and was one of very few firms to increase staff from 59,797 to 62,134.

Kreston International boosted fee income 34 per cent to $189m, Clark Kenneth Leventhal by 23 per cent to $487m, and Nexia International by 19 per cent to $483m.

Much of this growth came through the addition of new members to the networks of the firms.

Only one network – GMN International – reported a decline, with income down 0.6 per cent to $165m.

The 28 international accountancy networks listed generated fee income of nearly $41bn in the latest financial year.

But the figures in the report, published by the Lafferty business information group, illustrate the continued dominance of the leading "Big Six" accountancy networks.

The top six firms reported income of $31bn in their most recent year, with a substantial jump from the seventh largest, BDO Binder Hamlyn, at $1.2bn to the sixth, Price Waterhouse, at $3.8bn.

Total employment across the 28 networks was about 500,000.

Ciments Français bids for the remainder of Guintoli

By Alice Rawsthorn in Paris

CIMENTS Français, the troubled French cement group, has bowed to pressure from the Paris stock market authorities by mounting a bid for the remaining shares in Guintoli, the building company linked to the scandal over its off-balance sheet dealings.

The bid values Guintoli at FFr466.7m ($87.2m).

It has been made by Ciments Français and Paribas, the French bank, which, following this autumn's scandal, was forced to offer to repay FFr500m of the FFr6bn it received for selling control of Ciments Français to Italcementi of Italy.

Ciments Français and Paribas are offering FFr890 a share for the 67.1 per cent of Guintoli's equity the former does not already own. This is the same price that Ciments Français paid for its original 32.9 per cent stake.

Paribas' involvement forms part of its agreement with Italcementi.

Under the terms of that deal, it now owns Ciments Français' existing stake in Guintoli and will be entitled to any shares that are subsequently acquired.

The offer follows an announcement last week by the Conseil des Bourses de Valeurs, the French stock market regulator, that Ciments Français should bid for Guintoli after the discovery that the off-balance sheet dealings – worth FFr1.05bn overall – had raised the group's stake above the 33.3 per cent level at which, under French law, a company must make a full offer.

Meanwhile, the Spanish stock market authorities have yet to complete their investigation into Ciments Français' investment in Cementos Molins, a Spanish cement company in which the French group may have raised its minority stake above the trigger level for a bid.

Standard sell-offs raise £200m

By Robert Peston, Banking Editor

STANDARD Chartered has raised £200m ($304m) from a series of property sales in Hong Kong, Malaysia and Singapore.

The properties, which include its Hong Kong headquarters and several branches, cost the bank only £13m and were valued in its balance sheet at £77m.

It has owned many of them for decades.

Mr Rodney Galpin, the chairman, who is due to retire next year, said the sales were carried out as part of the bank's strategy of concentrating its resources on its international banking businesses.

They followed the disposals at the end of 1989 of the bank's London headquarters and its Singapore office block for a combined total of £403m.

In the current series of transactions, the biggest disposal is that of Standard's interest in its Hong Kong headquarters building to Amoy Properties for £74m. This asset had cost the bank £2m.

Last week, it announced the disposal of 13 commercial buildings in Hong Kong, occupied by its branches, for £64m. The purchaser was Koon Wah.

A number of residential, commercial and investment properties in Singapore and Malaysia are also being sold.

Some of these date from Standard's beginnings in UK colonial banking before the First World War.

These sales mean that some of Standard Chartered's Asian operations will now have to pay rent on the premises they occupy.

However, a Standard executive said that the bank would earn more in 1993 from investing the sale proceeds than it would be paying in new rents.

The deals will also lead to a £180m increase in the bank's tier one or core capital, which is a measure of its balance sheet strength.

Rodney Galpin

Standard Chartered shares rose from 544p to 568p.

Sweden provides fresh start deal for Nordbanken

By Christopher Brown-Humes in Stockholm

THE SWEDISH government is providing a further SKr14bn ($2bn) in equity and SKr10bn in guarantees as part of the reconstruction of the troubled Nordbanken group.

The announcement yesterday came as the state said it would formally take over Securum AB, a company holding SKr67bn in bad loans and shares (SKr50bn after write-downs), from Nordbanken at the beginning of 1993.

The aim is to provide Nordbanken with a fresh start, facilitating the bank's eventual return to the private sector, while gradually disposing of the assets within Securum.

The government is financing Securum with SKr24bn in equity and it is providing a SKr10bn guarantee for a further SKr30bn in credits which Nordbanken is making on favourable terms to Securum.

The support is in addition to a SKr10bn injection which Nordbanken received from the state last month, and it includes SKr10bn of help already promised but not given. It means the state will contribute a total of SKr34bn in equity to resolve the problems relating to Nordbanken.

Nordbanken was generally considered to be in a more critical condition than the other banks in Sweden's ailing financial sector. However, the figures announced yesterday were much higher than indicated in June, when a SKr20bn support package was announced. The deterioration implies more support is going to be required for the Swedish banking system as a whole than previously thought.

The worsening in the general economic situation is the main reason for the change.

Nordbanken's credit losses, including those within Securum, will now be SKr10bn more than the SKr6-SKr8bn estimated in May. The government also accepts that it will take longer to dispose of the assets within Securum and prices realised will be lower, than it thought earlier.

The bank is also cutting SKr1bn off costs and reducing staff 20 per cent to 4,500 people.

Sindy to have facelift after legal spat with Barbie

By Guy de Jonquières, Consumer Industries Editor

SINDY, once Britain's favourite doll, is to undergo plastic surgery to settle a long international legal dispute with Barbie, her older and more successful American rival.

Hasbro, manufacturer of Sindy, agreed yesterday to remodel her head to distinguish her from Barbie, made by Mattel. The settlement came shortly before a copyright battle between the two US companies was due to go to the UK High Court next month.

The dispute began after Hasbro acquired the licence to Sindy from Pedigree, the UK toy company, in 1986 and set about altering her appearance. The once demure tweed-clad Sindy suddenly acquired a glamorous face and shapely curves.

Mattel responded with lawsuits, charging that Sindy had become an imitation of Barbie. Earlier this year, stocks of Sindy were seized after a French court ruled the doll violated Barbie's copyright. Mattel has also won cases against Hasbro in Germany, Belgium and the Netherlands.

Barbie, who is sold in a variety of models and costumes, is believed to be the most successful toy range ever. Since she was launched 33 years ago, more than 700m Barbie dolls have been sold in almost 70 countries, and Mattel expects sales this year to be worth a record $1bn (£600m).

According to Mattel, a Barbie doll is sold every two seconds.

UBS faces challenge from key shareholder

By Ian Rodger in Zurich

A POTENTIALLY long and tense confrontation between Union Bank of Switzerland (UBS) and its largest shareholder began yesterday in a typically understated Swiss way.

BK Vision, a Zurich-based investment trust which holds SFr664m ($469m) worth of UBS shares carrying nearly 4 per cent of the votes, sent a letter to its shareholders saying that it had contacted UBS about changes in the composition of its board announced last weekend.

The letter, signed by Mr Kurt Schiltknecht, managing director, said the trust sought "to put forward the interests of our company as shareholder in a direct conversation with them".

Mr Schiltknecht said he would not comment publicly on the substance of the trust's concerns about the board changes, but it is widely known in Swiss financial circles that the dispute is over the UBS board's decision not to renominate Mr Christoph Blocher, a controversial industrialist-politician, to its ranks at the annual meeting in April.

BK Vision is one of two specialised investment trusts set up last year and managed by BZ Bank, a maverick Zurich securities house led by Mr Martin Ebner. The other is Pharma Vision, of which Mr Blocher is chairman.

In both cases, the trusts have taken over shares held by large institutions with the view to creating a single large shareholder capable of putting pressure on companies' managements. In particular, it advocates having independent representatives on company boards, and it undoubtedly sees Mr Blocher as one such at UBS.

UBS said it was sacking Mr Blocher, who is a member of the federal parliament, because of his alleged advocacy of government regulation of mortgage interest rates and of bringing the Swiss central bank under parliamentary control.

French retailers caught in a chilly climate

Alice Rawsthorn examines a series of upsets in the sector which is facing intense pressure on prices

WHEN Mr Jean-Jacques Delort this week resigned as chairman of Printemps, one of France's most famous department store groups, he closed the latest chapter in the saga of French retailing.

His departure, following a row with Mr François Pinault, whose industrial group acquired Printemps last year, is only one of the dramas to have hit French retailing in the past week. Tesco, the UK supermarket group, last Friday took control of Catteau, a chain in northern France.

On the same day, Carrefour, one of the biggest French retailers whose chairman, Mr Michel Bon, resigned this autumn after reporting a sharp fall in interim profits, announced that November's sales had been "the worst in [its] history", and issued a profits warning.

The French retail sector is struggling against weak demand and pressure on prices at a time when Germany's heavy discounters are expanding into France and the big indigenous groups – Promodès and Casino, as well as Carrefour and Pinault-Printemps – are digesting sizeable acquisitions. These problems are aggravated by the historically low profitability of some areas of French retailing, notably food.

"Life has been tough in French retailing for a couple of years, but it has become much, much tougher this year," said Ms Christiane Thorne, European retailing analyst at UBS Philips & Drew in London.

The crux of the problem is consumer confidence which has been hit by high real interest rates and concern about rising unemployment.

Some retail sectors, such as clothing, have also been affected by the unseasonally dull summer and mild winter. Hypermarkets saw their sales slip by 0.7 per cent in the first three quarters of this year. Department store sales fell by 2.3 per cent. Meanwhile, the trend for people to trade down to cheaper goods has squeezed margins.

Retailers' attempts to adapt to this chilly climate has been hampered by the internal changes within the industry. First, the German discounters, notably Aldi and Norma, have become increasingly aggressive in the food sector. The Germans have accelerated their openings in France over the past two years prompting, the French to expand their own discount chains, as Carrefour has done with Europa and Ed l'Epicier.

The discounters are expanding at a time when the saturated state of the French food market is making it more difficult for established retailers to open new outlets. Many of the major players have been forced to contract by closing poorly-performing stores.

This problem, combined with the need to increase purchasing power to remain competitive in negotiations with the multinational food manufacturers, such as Unilever and Nestlé, has catalysed the recent stream of acquisitions that has reshaped French food retailing.

Small companies such as Catteau, a family-owned chain of 90 stores in northern France, have been forced to sell out to larger players, in its case to Tesco. Similarly, Carrefour last year acquired Euromarché and Montlaur, just as Casino this summer took over Rallye.

There have been similar deals in other areas of retailing. Pinault's controversial takeover of Printemps included the Conforama furniture shops and La Redoute mail order catalogue as well as the department stores.

These acquisitions have intensified the pressure on smaller companies. They have also destabilised the larger groups, thereby making them more vulnerable to the economic slowdown. Pinault-Printemps has been left with heavy debts and prey to boardroom rows of the type that triggered Mr Delort's departure. Carrefour and Casino have hit the downturn at a time when they are still trying to integrate their acquisitions and are not yet able to benefit from their improved purchasing power. Similarly, Promodès is still digesting Plaza, a German business bought last year.

"These companies were all over-optimistic about their acquisitions," said Ms Claire Kent, European retailing analyst with Morgan Stanley in London. "The economic slowdown undoubtedly means it will take longer to bring them up to an acceptable level of profitability."

At the same time, the economy shows no sign of improvement. A survey published yesterday by INSEE, the state statistics institute, indicated that more than half the French expect their standard of living to deteriorate over the next few months. Even if interest rates fall, there is no real hope of a recovery in consumer spending until after the March elections.

Tesco has chosen a very tricky time to enter French retailing. "Tesco did say that it saw the Catteau deal as a learning experience," said Ms Thorne. "Let's hope it meant it!"

Debt repurchase setback for BT

By Andrew Jack in London

BRITISH TELECOM may be forced to write off £55m against current year profits for premiums on the repurchase of government debt, under a proposed ruling expected earlier next year from the Accounting Standards Board.

Three of the regional electricity companies are also likely to have to account for the costs of repurchasing debt totalling £50m between them in their current financial years.

The treatment is expected to be required under a ruling from the urgent issues task force of the Accounting Standards Board, which could be effective by early next year. But it will be opposed by Scottish Power, which has been following an alternative approach.

The task force warned last week that it planned to ask all companies to recognise immediately the gains or losses when they repurchased debt. Until now, companies have been able to write off these costs or benefits over the life of the original debt.

The issue came into sharp focus as a result of the government debt auction in November, at which four of the privatised utilities bought back their debt to reduce borrowing costs. The premiums were due on December 15.

British Telecom said it had not yet decided how to treat the costs – believed to total about £55m - of repurchasing two tranches of government debt worth £320m.

Scottish Hydro-Electric announced earlier this month that intended to show the full cost of the repurchase of £116m in debt in its accounts for the year to March 31 1993. That will result in a redemption charge of £12.5m, offset by annual savings in interest payments of £4m.

Mr John Rennocks, finance director of PowerGen, said yesterday that his company had also decided to adopt this treatment on its £19m premium on £150m of debt.

But Mr Donald Whyte, finance director of Scottish Power, said that his company had already adopted a policy of longer-term write-off.

He stressed that this treatment had previously reduced the short-term gains from a repurchase of debt from the National Loan Fund.

The company paid a premium of £18m buying back £142m of the debt in the most recent auction, which will be offset by annual interest savings of between £2.5m and £4m at current rates.

"We have made it very clear we will write off the debt over the period it was redeemable," he said. "To do otherwise would be inconsistent and lead to distortion of earnings. Obviously we would give our views [to the task force] if asked and we might consider giving our views even if not," he said.

Ambroveneto investors agree to shuffle stakes

By Haig Simonian in Milan

BANCO AMBROSIANO Veneto (Ambroveneto), Italy's biggest private-sector bank, has lifted some of the uncertainty over its future following agreement between controlling shareholders on reshuffling their stakes. Gemina, one of the five companies which together form the shareholders' pact dominating the bank, has accepted the L6,000 a share offer from its other partners for its 13.06 per cent stake.

Gemina, which is indirectly controlled by the Fiat group, indicated in September it wanted to sell out. The L387bn disposal will produce a capital gain of L225bn. Gemina, which controls the RCS publishing group and the Fila sportswear company, among other investments, has not indicated how it will invest the proceeds, which will be paid in mid-January.

Details of how Gemina's stake will be distributed among the other members of the Ambroveneto pact, which include Crédit Agricole of France and Crediop, the Rome-based long-term lending bank controlled by Istituto Bancario San Paolo di Torino, have not been revealed.

Both Crédit Agricole and Crediop have said they are ready to increase their holdings in what have at times been seen as opening bids to gain eventual control of the bank. However, it is still possible that Mr Giovanni Bazoli, Ambroveneto's chairman, will manage to find another shareholder to enter the pact, in spite of the fact that the price required is far higher than the current bourse level of L3,649.

The concentration of Ambroveneto's ownership has been reinforced by the wish of four co-operative banks from the Veneto region, which are also in the shareholders' pact with a combined 13.75 per cent stake, to pull out.

INTERNATIONAL COMPANIES AND FINANCE

Resignation clears way for Astra takeover

By William Keeling in Jakarta

MR SUMITRO Djojohadikusumo resigned yesterday as chairman of Astra International, Indonesia's dominant automotive company.

The move clears the way for a consortium led by Mr Prajogo Pangestu, a timber tycoon, to buy 44.5 per cent of Astra from the Soeryadjaya family, who currently hold a majority stake.

Last week, Mr Djojohadikusumo vetoed the proposed sale of 108m shares for Rp1,080bn ($518m) to the consortium, describing it as against the interests of Astra and the nation. Toyota, the company's main joint-venture partner, and at least one Japanese bank with exposure to Astra, had opposed the deal, he added.

Toyota said yesterday: "In spite of the chairman's resignation, we would like to do business with Astra group in the same friendly relations as before." Toyota remains undecided about whether to purchase 20m shares offered by the Soeryadjayas last month.

Mr Djojohadikusumo was appointed chairman in September to replace Mr William Soeryadjaya, who wanted to concentrate on rescuing Bank Summa, owned by his family.

Last week, Bank Summa was ordered into liquidation, owing Rp1,600bn, and Mr Soeryadjaya has been trying to raise finance to repay depositors. Mr Djojohadikusumo resigned under pressure from Mr Soeryadjaya, brokers say.

Astra's shares rallied Rp250 yesterday to Rp8,750, but brokers expressed disappointment at the resignation.

"He [Mr Djojohadikusumo] was brought in to protect the company's minority shareholders and insulate Astra from Bank Summa. He failed, because he was put in an intolerable position by the Soeryadjayas," said a foreign broker.

Brokers stress details of the expected sale of Astra shares are unclear, including the identity of many members of Mr Pangestu's consortium and how the deal would be financed.

GM considers extending its alliance with Toyota

By Martin Dickson in New York

GENERAL Motors of the US and Toyota of Japan are believed to be discussing an extension of their existing alliance, which manufactures cars at a plant in California. The expansion might include the use of an idled GM factory to produce Toyota vehicles.

Since 1984, GM and Toyota have had a 50-50 joint venture in California, called New United Motor Manufacturing Inc (Nummi), which is managed by the Japanese company and builds cars sold by each company under its own name.

A Japanese newspaper report, denied by Toyota, said GM had now asked Toyota to use one of GM's idled US factories to build Toyota's new mid-size T100 pick-up truck. The T100 has caused a ripple of anxiety among Detroit manufacturers, who currently have the US market for large pick-up trucks to themselves.

But GM issued a more positive statement, declaring that the Nummi joint venture provided a "foundation for further co-operation". It added: "Certainly, the utilisation of idled facilities in the US presents a potential area for discussion."

GM said it was monitoring initial US market reaction to the T-100 and remained committed to defending its number one position in full-sized trucks. It would vigorously compete with all competitors.

But analysts said an expanded alliance could benefit both companies. By manufacturing at a GM plant in the US, Toyota would get round a 25 per cent tariff on imported trucks and avoid the cost of building a new factory at a time of financial stringency.

Co-operation with financially-troubled GM to keep an idled plant open would help Toyota lessen protectionist sentiment in Washington.

GM, struggling to turn its lossmaking North American operations to profitability, would save money on labour costs, since under an agreement with the United Auto Workers union it is obliged to pay laid-off workers virtually full pay indefinitely. The Toyota truck would also occupy a market area where GM does not have a model.

A&P slides to pre-tax deficit

By Nikki Tait in New York

GREAT Atlantic & Pacific Tea Company, one of the largest US supermarket groups and an investor in Britain's Isosceles group, has reported a pre-tax loss of $4.38m for the three months to December 5. At the net level, after a $4.8m tax credit, there was a small surplus of $422,000.

The company has seen steadily declining figures for the past two years, but this is the first time it has dipped into the red at the pre-tax level.

The third-quarter loss compares with a profit of $6.82m in the same period of 1991, and brings the net loss for the first nine months of the year to $149.4m. This includes the $89m write-off of the company's investment in Isosceles, taken in the first quarter, and $91m of non-cash charges related to accounting changes.

Sales during the third quarter fell from $2.61bn to $2.37bn, and A&P's chairman, Mr James Wood, blamed the "negative sales comparisons" for the loss. "Approximately 25 per cent of that reported sales shortfall was due to the Canadian dollar exchange rate softening from last year," he said.

However, Mr Wood added that sales trends in Ontario had finally "turned around" after two poor years, although sales in key US markets continued to be soft. The company has been badly hit by the relatively weak local economies in Michigan, the mid-West, New England, Canada and the mid-Atlantic states – where about 80 per cent of its stores are based.

Yesterday, Moody's, one of the large US rating agencies, said that it was reviewing the long-term debt ratings of A&P with a view to a possible downgrade.

K mart plans 100 stores for Mexico

By Damian Fraser in Mexico City

K MART, the big US retail group, plans to open some 100 discount stores in Mexico, through a joint venture with Grupo Liverpool, a Mexican department store chain.

The two companies intend to invest $250m each in the discount stores, which will be similar to K mart's stores in the US, selling food and general goods. The project will start with two or three pilot stores in Mexico City next year. The stores will employ about 35,000 people.

K mart is following the steps of both Walmart and Price Club, the US store groups which last year opened membership-only discount stores in joint ventures with Mexican retail companies, Cifra and Comercial Mexicana. The stores have proved successful, with 45-minute queues regularly forming outside their car parks.

Grupo Liverpool owns 17 department stores in Mexico, and has annual sales of over $1bn. The company was keen to point out that the discount stores would not compete or overlap with its existing stores, which target the upper and upper-middle levels of the market. Liverpool hopes K mart's huge buying power will enable it to obtain lower wholesale prices than Mexican rivals.

K mart said it was attracted to Mexico by the rapid development of a market of 80m people, and political stability.

HK office sold with a 'unique contract'

By Simon Holberton in Hong Kong

AMOY Properties' HK$900m (US$116.4m) purchase of Standard Chartered's headquarters in Hong Kong utilised a unique form of contract for the colony and underlined the company's belief in the long-term future of the colony, analysts said yesterday.

Moreover, the price paid for the property indicated that property prices for prime locations in the colony were still rising, in spite of the current political row between China and the UK about Hong Kong's political development.

Mr Charles Wheatman, a senior executive with Jones Lang Wootton, who advised Standard Chartered, said the price per square foot paid was well in excess of what other similar properties were selling for.

Amoy, which is 54 per cent owned by Hang Lung, has bought from Standard Chartered the title to the property, but its right to occupy it has been deferred for 20 years.

Five years ago, the property was developed by Nishimatsu, the Japanese property company. It acquired the right to let the property from the bank for 25 years. Nishimatsu then leased about 83 per cent of the space to the bank on a fixed rent which allows for periodic rent increases.

Amoy has taken over the bank's lease and rental commitment to Nishimatsu, and leased back the space the bank needs but at market rents. Amoy's only income from the property is the difference between the market rent and the long-term rental agreement it has acquired. In 20 years' time, the whole property reverts to Amoy.

Analysts said that the transaction was akin to Amoy buying a property future, or a zero coupon bond. As the company has bought ownership but not used it, an estimate had to be made of the property's future value and the rental income foregone. That value was then discounted to take account of risk and loss of income.

Restructuring helps Isuzu cut back loss for year to Y23.5bn

By Robert Thomson in Tokyo

ISUZU Motors, the Japanese vehicle maker with close links to General Motors of the US, yesterday announced a pre-tax loss of Y23.5bn ($191m) for the 12 months to the end of October. The result was an improvement on the previous year's loss of Y48.1bn and a sign that its restructuring programme is making an impact.

The company recently announced plans to stop production of passenger cars and to concentrate on commercial vehicles. It will also make recreational vehicles for Honda, which will be allowed to market passenger cars though Isuzu dealers.

Isuzu's sales rose 4.6 per cent to Y1,198.7bn for the year, while the after-tax loss was Y12.7bn, against a previous loss of Y47.2bn. The company hopes to break even this year at the net level, but is forecasting a Y13bn pre-tax loss.

The company, which has trimmed its force of temporary workers and streamlined the components supply system, reported a fall in sales of large trucks and buses. But there was an increase in demand for smaller trucks and buses, and a 10 per cent increase in sales of engines and other car parts.

Isuzu last week announced a plan to commission GM, which has a 37 per cent stake in it, to produce medium-sized trucks in the US from early 1994 as part of an expanded partnership between the two.

"We are hoping for a rapid economic recovery and an improvement in the business environment," Isuzu said. But the Japan Automobile Manufacturers' Association reported yesterday that domestic vehicle production in November was down 9.3 per cent from a year earlier.

Truck production in November was down 13.9 per cent – the 16th straight month of a year-on-year decrease.

● Fuji Kiko, a Japanese vehicle component maker 23.8 per cent owned by Nissan Motor, has acquired FFV Autotech, a Swedish auto component maker for Y500m, Reuter reports from Tokyo.

FFV Autotech – which produces steering components for Volvo, Saab-Scania, and Renault – expects net profits of SKr87m ($12.6m) in 1992.

VW takes large stake in Japanese car distributor

By Emiko Terazono in Tokyo

VOLKSWAGEN Audi Nippon, a wholly-owned Japanese subsidiary of the German carmaker, has confirmed it is buying a large stake in Jax, a Japanese car distributor, to boost its sales in the country.

VW yesterday signed an agreement with Jax, which has an extensive network in metropolitan Tokyo, to take a 49.9 per cent stake.

The German group has been seeking an alternative to its long-standing partnership with the Yanase distribution group, which is to be dissolved at the end of the year.

Jax, sole distributor of Renault of France, has faced financial difficulties owing to the slump in Renault car sales. Mr Takanori Matsumoto, president of Jax, said it would end its sales agreement with Renault.

Jax, listed on the over-the-counter market, will issue 5.3m new shares worth Y2.6bn ($21m) for allotment to VW.

● Renault said yesterday it had been seeking a new Japanese distributor for its cars for almost a year, but Jax would sell its cars for months yet, Reuter reports from Paris.

"We have an assurance from Jax on the distribution of our vehicles and after-sales service for a period that runs much longer than three months," Renault said.

Industry sources said there should not be any time gap between the end of the Jax link and the beginning of a contract with a new partner.

BTR Nylex disposes of adhesives subsidiary

By Kevin Brown in Sydney

BTR Nylex, an Australian subsidiary of BTR of the UK, yesterday said it had sold ACI Hong Kong, its adhesives business in the colony, to National Starch and Chemical for about A$17m (US$11.8m)

Mr Alan Jackson, chairman of both BTR and BTR Nylex, said the sale was in line with the group's strategy of disposing of peripheral businesses. "ACI no longer fitted because BTR is moving [to] high-tech industries," he said.

National Starch is a subsidiary of Unilever, the US chemicals group. It makes adhesives, resins, speciality chemicals and starches.

BTR Nylex reported a net profit of A$182.5m for the six months to June 30, compared with $151m in the corresponding period of the previous year. Mr Jackson said the company had a strong balance sheet and was poised to "burst forth in the 1990s".

Chilean airline sell-off attracts flag-carriers

By Leslie Crawford in Santiago

CORFO, the Chilean state holding company, plans to sell its remaining 22.4 per cent interest in Lan-Chile, the lossmaking national airline partially privatised in 1989.

British Airways has announced an interest in acquiring a stake in the Chilean flag carrier. Mr Robert Kay, British Airways' general manager in Santiago, said negotiations on a purchase were taking place. At present, BA has no flights to Santiago.

Iberia, the Spanish flag carrier, and Japan Airlines are also reported to be interested.

Scandinavian Airline Systems is the biggest shareholder in Lan-Chile with 35 per cent. The Chilean carrier reported a 179m peso ($474,800) loss for the first nine months of 1992.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Provisional Price for Trading on 23.12.92: Pool purchase price £/MWh	Final Prices for Trading on 25.11.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	19.94	18.02	18.02
0100	22.87	26.25	28.08
0130	28.11	28.78	31.74
0200	28.11	29.78	31.70
0230	22.87	22.47	24.08
0300	22.72	22.47	24.08
0330	22.63	20.80	20.80
0400	18.98	17.93	17.93
0430	19.40	17.93	17.93
0500	19.40	17.90	17.90
0530	19.30	17.93	17.93
0600	19.40	17.93	17.93
0630	19.94	17.93	17.93
0700	20.65	22.47	24.13
0730	23.22	23.12	24.79
0800	23.24	23.15	24.80
0830	24.80	23.92	25.58
0900	24.80	23.92	25.57
0930	26.00	42.42	44.78
1000	26.00	42.42	44.78
1030	26.00	42.42	44.79
1100	24.80	29.54	31.40
1130	23.56	29.54	31.39
1200	23.56	29.54	31.39
1230	23.56	29.54	31.38
1300	20.48	29.54	31.40
1330	20.20	24.06	25.71
1400	20.08	24.06	25.71
1430	19.94	24.06	25.71
1500	20.02	24.06	25.71
1530	20.02	24.06	25.71
1600	20.65	28.11	30.07
1630	24.40	38.98	40.48
1700	26.15	46.57	50.92
1730	26.18	46.78	50.88
1800	26.15	41.51	44.72
1830	26.03	29.84	31.73
1900	26.00	28.87	30.58
1930	24.45	27.50	29.27
2000	23.58	27.50	29.27
2030	23.08	24.06	25.68
2100	22.94	24.06	25.67
2130	22.94	23.12	24.71
2200	22.94	22.80	24.40
2230	19.98	22.51	24.12
2300	18.70	20.92	20.92
2330	17.88	18.14	18.14
2400	17.71	18.03	18.03

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456790 between 8:30am and 5:15pm Monday to Friday.
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INTERNATIONAL CAPITAL MARKETS

Equity growth held in check by Europe and US

Some international investors were discouraged by the currency turmoil in 1992, writes **Sara Webb**

DIFFICULT stock market conditions in Europe and the US held the growth in international equity offerings in check this year. The total volume of international equity issues increased only 7 per cent to $21.72bn in 1992, against $20.28bn the previous year, according to figures compiled by Euromoney.

The US and Europe still account for the lion's share of international equity business,

INTERNATIONAL EQUITIES

and 1992 saw two large offerings – from Wellcome of the UK and General Motors.

Wellcome's £2.1bn global share offering in July was the biggest non-privatisation issue in the world. Wellcome Trust, the medical charity, sold 288m shares in Wellcome, the pharmaceuticals group, raising £2.1bn and cutting its stake in the company from 73.5 per cent to 40 per cent.

The deal, which was lead-managed by Robert Fleming, was achieved using the book-building method more commonly employed in the US than in Europe. Robert Fleming won considerable praise for successfully arranging such a large deal at a time when world stock market conditions were difficult.

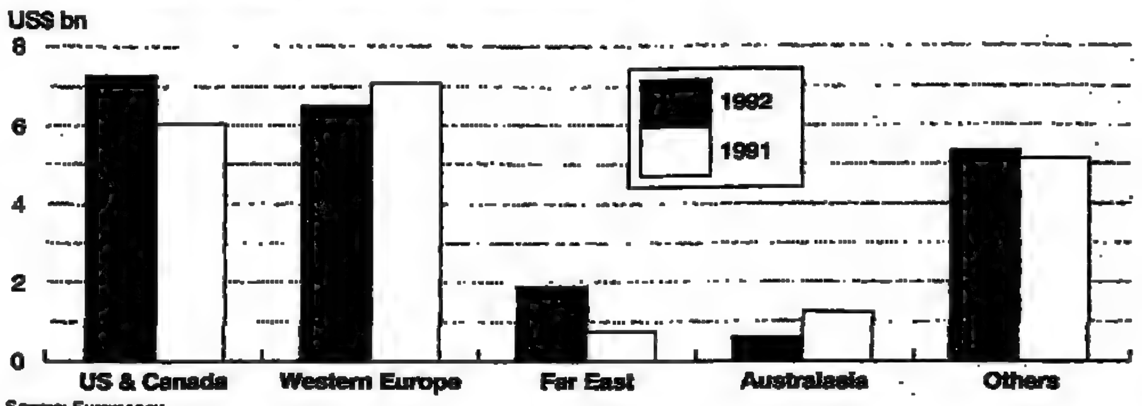
The second big issue of the year was General Motors' $2.14bn share offering, the largest by a US company. The deal was oversubscribed and the size of the offering increased due to strong demand.

International equity issues from North America increased to $7.34bn from $6.04bn in 1991, with a total of 188 issues, according to figures supplied by Euromoney.

However, while equity offerings from the US and Canada rose, those in western Europe declined in volume, to $6.51bn from $7.07bn, as turmoil in the foreign exchange markets unsettled the European stock markets and discouraged some international investors.

The currency turmoil had two effects. First, investment bankers point out that it probably deterred international investors from buying European equities because of the greater foreign exchange risk, especially with the pound and lira floating outside the ERM.

International equity issues



Source: Euromoney

Secondly, several governments which had planned to push ahead with privatisations in an effort to reduce large budget deficits found that the stock market conditions were unsuitable. "A lot of finance ministers found they were tied up with Maastricht instead of thinking of ways of raising money," says one UK investment banker.

At the start of 1992, investment bankers had set their sights on seeing some big privatisation issues from Italy, France, Sweden and Finland. Only a few of those deals went ahead. Italy, which generated only $755m in international equity offerings this year, is expected to push ahead with the privatisation of its state-owned banks.

Sweden's centre-right government had hoped to raise about SKr18bn from selling a further stake in Procordia, the state-controlled food and pharmaceutical group. The sale was due to take place in the autumn, but was postponed because of currency worries and the unfavourable stock market conditions.

The bulk of the European equity offerings came from the UK (where volume dropped to $2.95bn from $3.35bn) and France, where volume rose to $1.61bn from $1.27bn.

In June, the French government raised FFr9.5bn from its sale of shares in the Total oil group, the biggest offering in France's partial privatisation programme.

Given the pressures to raise money from the sale of state assets, investment bankers are confident that the privatisations which were shelved or delayed this year (Procordia of Sweden, Rhône-Poulenc of France, Repsol of Spain) will be dusted down and re-scheduled for 1993.

Among the emerging markets, Mexican issues dominated those from Latin America, but the steady flow floundered in the summer as the Mexican stock market tumbled and international investors found they had had their fill of Mexican paper, especially when they started to see share prices fall. Some investors, who had participated in a $600m equity offering by Cemex, the Mexican cement company, were annoyed when the money was used only a few months later to invest in Spain rather than in the domestic market.

Mexican companies raised a total of $3.02bn against $3.53bn in 1991.

Japan plans new futures index to curb criticism

By Emiko Terazono in Tokyo

JAPAN'S Ministry of Finance yesterday announced plans for a new stock futures index, in an effort to avert criticism over futures and options trading, in which foreign brokers are particularly active.

Local criticism, that stock futures and options trading creates volatility in the underlying stock markets, prompted the ministry's move to review the Nikkei average of 225 leading stocks, which is a simple average of 225 stocks and does not take into consideration the number of shares outstanding.

The ministry is now proposing a capitalisation weighted index, which takes into account the number of shares outstanding, to replace the Nikkei 225 futures index, which is seen as easily manipulated. The ministry is also considering rule changes and introduction of a "circuit-breaker" system.

Debate on the impact of derivatives trading has flushed out frictions between large and small brokers, Japanese and foreign houses, some of which have made large profits from derivatives, and between the Tokyo and Osaka stock exchanges – Osaka has a thriving futures market and Tokyo does not.

Argument has focused on the composition and volatility of the Nikkei 225 index, which measures cash prices in Tokyo and is used as the basis for derivatives trading in Osaka and overseas exchanges, which list the Nikkei 225 futures.

Some traders have tried to use the announcement as a marketing slogan, promoting shares which are under-represented by weight on the Nikkei 225 index. Ministry officials said stocks on the new index had not been decided.

The introduction of the new index is likely to create friction between the Japanese and overseas exchanges, such as Singapore International Monetary Exchange, and the Chicago Mercantile Exchange, for which the Nikkei 225 futures index is a lucrative product. Simex said futures trading of the Nikkei 225 futures index rose 395 per cent during the January to November period. However, Japanese officials said they would need to request overseas exchanges to switch to the new index.

Since the market crashed in 1990, Japanese have blamed foreign brokers, the most adept in dealing in derivatives markets.

Smaller Japanese houses, which lack the expertise or the capital to trade in derivatives, have indicated resentment towards the larger houses.

Schlesinger hint on German rate reduction sparks rally

By Richard Waters in London and Patrick Harverson in New York

PRICES in most of Europe's government bond markets jumped sharply yesterday as Mr Helmut Schlesinger, Bundesbank president, appeared to hold out the hope of substantial further reductions in German long-term interest rates.

The thinness of the pre-holi-

GOVERNMENT BONDS

day markets accentuated the movements, which were widely seen as an over-reaction.

Mr Schlesinger's reported comments that long-term yields in Germany could fall to below 6 per cent in the current interest rate cycle helped to push prices on 10-year bunds up by as much as two-thirds of a point. Yields have fallen by 15 basis points, to 7.25 per cent, over the past week.

However, it was difficult to find widespread belief in sub-6 per cent yields.

Ms Alison Cottrell, of Midland Montagu, pointed out that German yields had fallen to that level only briefly in the mid-1980s, when commodity markets were depressed and German inflation stood at about 2 per cent.

■ OTHER European markets prefered to look on the bright side of Mr Schlesinger's comments, creating a favourable background for a discount rate cut in Italy and talk of a possible rate cut in France.

Italy's 1 percentage point rate cut, to 12 per cent, was timed to coincide with the passing of next year's budget through parliament. The BTP futures contract on Liffe advanced from 93.45 on Monday to 94.67.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	108.8072	-0.001	8.94	8.91	8.91
BELGIUM		8.750	06/02	105.2000	+0.350	7.94	8.01	8.03
CANADA *		8.500	04/02	104.4000	+1.100	7.82	8.08	8.00
DENMARK		9.000	11/00	99.5000	+0.400	9.08	8.98	8.87
FRANCE	BTAN	8.500	03/97	101.3378	+0.453	8.09	8.22	8.02
	OAT	8.500	11/02	102.2750	+0.700	8.15	8.23	8.10
GERMANY		8.000	07/02	105.0000	+0.630	7.25	7.40	7.33
ITALY		12.000	05/02	94.1550	+0.255	13.52†	13.82	13.45
JAPAN	No 119	4.800	06/99	101.4315	+0.076	4.52	4.55	4.53
	No 145	5.500	03/02	106.0092	+0.171	4.58	4.63	4.65
NETHERLANDS		8.250	08/02	105.9300	+0.410	7.35	7.45	7.46
SPAIN		10.300	06/02	88.6500	+0.650	12.37	12.45	12.44
UK GILTS		10.000	11/96	108-30	+2/32	7.28	7.38	7.18
		9.750	08/02	109-00	+10/32	8.35	8.42	8.38
		9.000	10/08	103-01	+12/32	8.62	8.69	8.75
US TREASURY *		6.375	08/02	97-28	+6/32	6.68	6.79	6.84
		7.625	11/22	103-03	+10/32	7.37	7.45	7.54
ECU (French Govt)		8.500	03/02	98.7550	+0.610	8.70	8.80	8.64

London closing. *New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents)
Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

■ THE UK government bond market joined in the general rally, with longer-dated gilts making up about one-third of a point. Prices were held back partly by two tranches of tap stock overhanging the market, both of which were brought into operation late in the afternoon. An earlier tap stock, of 8 per cent gilts due 2002/06, was exhausted during the day.

These gains were outstripped by index-linked gilts, which jumped by over a point thanks to foreign buying and the fact that the tap stock has not placed a ceiling on the market.

FT FIXED INTEREST INDICES

	Dec 22	Dec 21	Dec 18	Dec 17	Dec 16	Year ago	High *	Low *
Govt Secs (UK)	93.90	93.54	93.73	93.67	93.57	86.48	95.54	85.11
Fixed Interest	109.21	109.05	109.02	108.96	108.61	98.71	110.28	97.15

Basis 100: Government Securities 15/10/26; Fixed Interest 1928. * for 1992. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 110.26 (12/11/92), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Dec 21	Dec 18	Dec 17	Dec 16	Dec 15
Gilt Edged Bargains	78.8	100.0	94.3	102.4	113.2
5-Day average	97.7	102.8	103.8	110.2	113.5

* SE activity indices rebased 1974

■ US TREASURY prices continued to post solid gains at the long end of the maturity spectrum while shorter-dated paper continued to languish.

By midday, the benchmark 30-year government bond was up ⅛ at 103⅛, yielding 7.346 per cent. The short end of the market was flat at midsession, with the two-year note steady at 100, yielding 4.606 per cent.

Yesterday's downward revision in third-quarter gross domestic product figures was good news on the inflation front.

The widely-watched third-quarter implicit price deflator showed the smallest rise since 1967.

S&P places Citicorp paper under review

By Patrick Harverson

STANDARD & Poor's, the US rating agency, yesterday placed some of Citicorp's mortgage-backed securities under review for a possible downgrade because losses on the pool of loans secured by the securities have been worse than expected.

Although about $1.3bn of Citicorp certificates are affected by the move, the banking group said yesterday that S&P's decision to consider downgrading the securities reflected the performance of mortgages originated under old Citicorp mortgage programmes that were discontinued in 1991.

Since then, the bank claims, the performance of its mortgage portfolio has improved. Earlier this year, Citicorp announced a $1bn non-recourse commitment with the Federal National Mortgage Association (Fannie Mae), which was seen as a vote of confidence by Fannie Mae in Citicorp's mortgage business.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7.05 pm on December 22

U.S. DOLLAR STRAIGHTS — OTHER STRAIGHTS — DEUTSCHE MARK STRAIGHTS — FLOATING RATE NOTES — SWISS FRANC STRAIGHTS — CONVERTIBLE BONDS — YEN STRAIGHTS

[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month) (above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	60	1	19
Other Fixed Interest	13	0	2
Commercial, Industrial	586	137	703
Financial & Property	371	24	402
Oil & Gas	25	9	51
Plantations	3	0	6
Mines	31	27	83
Others	73	9	34
Totals	1,162	207	1,300

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price p	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	135½	100	BTR Warrants 1997	135½	+6½	-	-	-	-
§220	F.P.	-	250	231	Critchley Group	248		L6.1	2.2	3.3	17.6
-	F.P.	-	103	100	For & Col. PEP Inv Tst	102		F3.38	-	4.4	-
100	F.P.	-	102	98	Hoare Govett Smlr Co's	101		-	-	-	-
90	F.P.	-	103	98	Hunters Armley	101	+3	W3.38	2.2	4.5	13.5
51	F.P.	-	54	52	Intl. Food Machinery	52		-	-	-	-
-	F.P.	-	35	30	Jos Hldgs Cap	35		-	-	-	-
-	F.P.	-	92	87	Do. Inc.	92	+2	F11.5	-	16.7	-
-	F.P.	-	109½	101	Do. Zero Div Pf.	109	+½	-	-	-	-
165	F.P.	-	183	168	National Express	182		W7.12	1.5	5.2	12.0
-	F.P.	-	1½	1½	‡Prime People Warrants	1½		-	-	-	-
-	F.P.	-	103	95	Second Consolidated	98		-	-	-	-
65	F.P.	-	239	73	Tadpole Technology	151	-13	-	-	-	-
120	F.P.	-	208	157	‡Tepnel Diagnostics	195		-	-	-	-
160	F.P.	-	210	165	Wetherspoon (J.D.)	210	+6	W4.8	2.6	3.0	17.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	114¼p	104¼p	Bristol Water 8¾pc Pf.	114¼p	+¼
100p	F.P.	-	103¼p	100½p	Commercial Union 8¾pc Cn. Pf.	103¼p	+¼
100	F.P.	-	114½	104¼	RFC 7¼pc Cv. Bd. 2007	114½	+2
150p	P.P.	-	123p	98p	Wassall Non-Int. Brg. Cv. ULS	123p	+1

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
100	Nil	1/2	27pm	24pm	‡Learmonth & Burchett	26pm	-1
85	Nil	5/2	1¼pm	¼pm	Lonrho	1pm	+½
25	P.P.	1/3	20	10	Property Trust	13	
240	Nil	27/1	58pm	43pm	Seton Healthcare	57pm	+2

a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. e Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

● First Dealings Dec. 21
● Last Dealings Jan. 8
● Last Declarations March 25
● For settlement April 5

3-month call rate indications are shown in Saturday editions.

Calls in AMEC, Berisford Intl., Fairhaven Intl., Forte, Ibstock Johnsen, Intercare, Kunick, Lonrho, Premier Cons., Queens Moat, Securiguard, Shandwick, Star Computer and Taylor Woodrow. Put in Fairhaven Intl. Doubles in ASDA, BET, Fairhaven Intl., Kunick, Norex and Premier Cons.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

[illegible]

Calls 34,713 Puts 6,986
FT-SE Index Calls 10,109 Puts 716
Euro FT-SE Calls 1,937 Puts 47
*Underlying security price. † Long dated expiry months. Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Tue Dec 22	Day's change %	Mon Dec 21	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (24)	127.40	+0.08	127.30	1.79	12.46
2	5-15 years (23)	145.10	+0.33	144.62	1.91	13.51
3	Over 15 years (8)	152.71	+0.38	152.14	2.27	12.15
4	Irredeemables (6)	171.28	+0.36	170.67	1.87	13.68
5	All stocks (61)	141.57	+0.25	141.22	1.93	13.22
	Index-Linked					
6	Up to 5 years (2)	183.39	+0.03	183.34	0.87	3.68
7	Over 5 years (11)	163.49	+0.77	162.24	0.63	4.93
8	All stocks (13)	164.96	+0.67	163.86	0.66	4.74
9	Debs & Loans (62)	123.36	+0.16	123.17	2.62	11.27

AVERAGE GROSS REDEMPTION YIELDS

			Tue Dec 22	Mon Dec 21	Year ago (approx.)
	British Government				
1	Low	5 years	7.23	7.26	8.98
2	Coupons	15 years	8.26	8.26	9.47
3	(0%-7¾%)	20 years	8.58	8.51	9.47
4	Medium	5 years	7.56	7.61	9.91
5	Coupons	15 years	8.65	8.69	9.57
6	(8%-10¾%)	20 years	8.82	8.85	9.52
7	High	5 years	7.80	7.84	10.13
8	Coupons	15 years	8.93	8.98	9.64
9	(11%-)	20 years	9.01	9.06	9.57
10	Irredeemables (Flat Yield)		8.89	8.92	9.69
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.56	2.56	4.11
12	Inflation rate 5%	Over 5 yrs.	3.91	3.96	4.42
13	Inflation rate 10%	Up to 5 yrs.	1.71	1.71	3.45
14	Inflation rate 10%	Over 5 yrs.	3.72	3.77	4.24
15	Debs &	5 years	8.98	9.00	11.36
16	Loans	15 years	9.89	9.92	11.14
17		25 years	10.07	10.09	10.93

Breaking tradition with a new concept

Peggy Hollinger reports on Era Group's move into the home entertainment field

LITTLE did Tony Fay know as he wended his weary way home one Friday night last month, that the small hobby and games company of which he is chairman was about to attract some serious attention from the City. In the space of seven days the share price of Era Group, the specialist retailer, jumped 85 per cent – for no apparent reason.

After a bit of sleuthing, the board came to the conclusion that pre-Christmas press coverage of the home entertainment sector had sparked interest in the shares. They now stand at 23p, compared with 13p in November.

Long-time shareholders in Era Group, owner of Beatties, Tecno and the toy and model distribution business, Kohnstam, are likely to welcome this little bit of Christmas cheer. For almost three years, the shares have languished at significantly less than half a 1988 high of 91p.

However, the company's management hopes that the most recent price movements might be the justification they have long sought for their revamped retailing strategy.

Era, best known for its traditional model and toys business, Beatties, aims to tap into the potential of the home entertainment market with the recently-launched Virtual Reality brand name.

The company hopes to carve out a niche in the sale of the most advanced computer and console games, as well as the latest technology in interactive compact disc and video equipment. Space is being allocated – and appropriately stocked for either young or old customers – in both Beatties and Tecno, the up-market camera and video retailer for the Virtual Reality concept.

Mr David Henley, chairman of the retail division, says the brand strategy should put Era in a prime position to sell the actual virtual reality products – interactive computer worlds seen through a helmet – when they come to Britain in 1995. Eventually, the concept could even be used to launch a new retail chain.

Mr Henley, who has been with Beatties since the 1960s, explains the logic behind the strategy. "The key is not to lose the thing you are good at, but to develop early enough the things that are coming next," he says, citing the development of Beatties from second-hand model railway merchant to mass market toy and hobby retailer.

For him, and the board, the retail businesses had an obvious link in the potential for domestic electronic games.

The strategic switch is the latest chapter in a corporate history which has been anything but calm. In the five years since it was transformed by acquisitions from a shell company to specialist retailer, Era has had three different managements.

The most recent board, chaired by Mr Anthony Fay, took over in April 1990 following an acrimonious annual general meeting and the unexpected exit of the controversial Mr Murray Gordon as chairman.

There is little love lost between Era's present management and its predecessors. For the past two years, Mr Fay and his team have been struggling to recover from the fiasco of the loss-making Lexterten furniture business, which left the group with a crippling debt and a precarious relationship with its bankers. Lexterten alone had been responsible for the group's sharp drop in profits from £4.6m to £631,000 in 1989.

Trevor Humphries

Beatties toy and model store in London's High Holborn: entering a new stage in its development

The sale of Lexterten, for the nominal sum of £1, in 1990 ended up costing Era Group a grand total of £7m, according to Mr Fay. However, he maintains the bad times are now largely behind the company.

Costs have been cut substantially and Era now operates on a just-in-time basis – ie, without warehouses – for its 99 retailing outlets. Era has also successfully re-established its relationship with its bankers, Barclays, although average gearing is still high at more than 100 per cent.

For the first time since 1990, Mr Fay says, the board has been able to sit back and work on a strategy for its three divisions.

Industry observers and analysts are less convinced that the group will be able to make its new strategy work. "They have got it right," says Jeremy Allen of Kleinwort Benson, "but they are still bearing the legacy of the difficult years, in the form of a balance sheet with too much debt."

Others, such as Mr Jim Douglas, editor of GamesMaster magazine, cite the aggressive programme at Dixons, which has devoted space in an estimated 250 stores to computer games, compared with Era's 80 stores with virtual reality branding. Dixons and Currys together dominate the £500m-a-year computer games market, and being far larger, have much greater buying power, he says.

Some analysts wonder whether the new strategy is different enough in a highly competitive market. "Will it attract a sufficient number of people to walk through the door?" asks Mr Richard Hickinbotham of SG Warburgs.

Messrs Fay and Henley reject the criticisms. They are horrified by comparisons with their bigger rivals, claiming they do not compete with Dixons or Currys. Era's strength will be a highly-trained staff, they say, and more advanced products.

Mr Henley adds that the group is selling a concept which will take time to bear fruit. "We are trying to sell the concept, not of games for today, but of games for tomorrow," he says.

On one thing the analysts and management agree. Profits are expected to fall further in the current year, which ends on December 31. Forecasts range from £700,000 to £1.7m, but all depends on the crucial Christmas period when Era makes some 30 per cent of its annual sales. The evidence so far points to a patchy performance.

Finally, there is the question of just how the company will bring down its debt and fund any expansion. A rights issue alone while the shares are so low – even after the recent rally – is unlikely, according to Mr Allen of Kleinwort Benson. "I would have thought they might wait for something more positive to add a rights issue to – like, for example, an acquisition."

Mr Fay is suitably coy about tackling a new purchase, although he will not rule out the possibility of a move in the UK. "There are lots of expansion prospects," he says. "But you need cash, location and the management resource." Era, he adds, intended to enhance all three "as we go along".

DCC offer values Wardell Roberts at I£17m

By Tim Coone in Dublin

DCC, Dublin-based industrial holding group, has made a recommended bid for Wardell Roberts, the Irish snackfood and healthfood distributor, just a week after backing a I£24m management buy-out of Printech, a printing supplier to the computer industry.

The cash offer at 75p per share represents a 25 per cent premium over the last dealt price of 60p and values Wardell at I£17.2m.

DCC already holds a 29.9 per cent stake in the company. The buy-out vehicle will be Oare, a DCC shelf company, and 20 per cent of its shares will be held by existing managing shareholders in Wardell.

Guaranteed loan notes linked to the Dublin interbank rate (Dibor) are available in lieu of cash.

Mr Jim Flavin, chief executive of DCC, said that the bid was part of DCC's strategy to create "a focused industrial and financial holding company".

He said that DCC had built up cash reserves of I£35m over the past 18 months "and the time has come to invest that".

Shares in both Printech and Wardell Roberts have been languishing and their continued listing on the London and Dublin stock exchanges "are not serving shareholders' or the companies' interests in any way", he said.

He believes that both will show better profit performance as part of the larger group, rather than as stand-alone second-line companies with little market interest being shown in them.

Wardell Roberts joined the unlisted securities market in 1986, and obtained a full listing in October 1991. Its pre-tax profits for the last financial year were I£2.4m on a turnover of I£45.1m. Its share price has fallen by half since the beginning of the year.

Three weeks ago DCC spent I£4.9m in increasing its stake from 8.2 per cent to 11 per cent in Fyffes, the UK and Irish fruit and vegetable wholesaler, buying the additional 7.7m shares from the McCann family, which sold them to repay borrowings.

NEWS DIGEST

Brake Bros placing to raise £8.7m

BRAKE BROS, a supplier of frozen foods to the catering trade, is placing 2.29m new ordinary 10p shares at 380p each to raise £8.7m net. The funds will be used for the continuing development and further expansion of the business.

The new ordinary shares – representing a 5 per cent increase in Brake Bros' equity – have been placed by UBS Phillips & Drew. Dealings are expected to commence on December 30.

Hope for Polly Peck Cypriot settlement

Mr Michael Jordan, an administrator of Polly Peck International yesterday expressed hope of a settlement next year on the assets of the collapsed conglomerate in the Turkish part of Cyprus.

"We hope there will be in early 1993 a resolution on Polly Peck's problems here," he said after meeting for the first time Mr Salih Cosar, the Turkish Cypriot finance minister.

Turkish Cypriot authorities had refused to put the assets of Polly Peck and its founder Mr Asil Nadir, originally a Turkish Cypriot, on the selling block, after Mr Nadir's empire collapsed in 1990.

Polly Peck's properties include two hotels in north Cyprus, its Sunzest citrus packing unit and Uni-Pack, a cardboard box manufacturer.

Dana funding and capital proposals

Dana Exploration, the principal activity of which is the exploration for precious and base metals in Ireland and overseas, announced proposals for a fund raising together with a capital reorganisation and a reduction of capital.

The company is to raise £150,000 net by way of an open offer of 15,872,600 new ordinary shares at 1p each on the basis of two new shares for each share held.

Any shares not taken up will be placed on the market on a "best endeavours" basis by MMI Stockbrokers.

To permit the offer to proceed, a capital restructuring is necessary and a new class of shares with a par value below that of the existing ordinary 10p shares is to be issued.

This means a reduction of Dana's share capital by I£714,267.

Hardman Resources and Tolltrek Systems now own 58.77 per cent of Dana following an offer for Dana in August.

Inchcape expands motor operations

Inchcape, the international services and marketing group, has moved into motor operations in Scandinavia and eastern Europe with the acquisition of Haka Auto.

On January 4 it will buy the Finnish distributor of Mazda vehicles for £3m cash, and assume responsibility for the borrowings estimated at £33m.

Haka Auto has the exclusive import and distribution rights in Finland, Estonia and the St Petersburg area of Russia. In Finland it also imports and distributes Jaguar cars.

Inchcape is the exclusive importer and distributor of Mazda vehicles in France and Hong Kong and has a 40 per cent share of the Mazda UK import and distribution operation.

Batleys profits down by 26%

Batleys, the private Huddersfield-based chain of cash and carry wholesalers, increased turnover 7.5 per cent but saw pre-tax profit fall 26 per cent in the half year ended October 31 1992.

Turnover came to £239m (£222m) while the profit worked through at £3.1m (£4.18m). Interest charges were reduced from £183,000 to £79,000.

Earnings per share were 13.71p (18.81p).

Heavy decline at Minstergate

Full year pre-tax profits of Minstergate, which is involved in property management and development, declined from £2.16m to £1.2m.

Sales for the period, to August 31 1992, jumped from £2.96m to £5.66m. Earnings per share came through at 0.72p (59.1p). Dividend pay-outs absorb £1.26m (£2.31m) leaving a loss transferred to reserves of £1.04m (£96,000).

Abbey Panels dives deeper into the red

Abbey Panels Investments, an engineer supplying the motor, aerospace and defence industries saw a further downturn in the year ended September 30.

Losses have escalated from £234,000 to £1.82m on turnover which has fallen from £18.21m to £12.36m. Losses per share have jumped from 10.9p to 65.54p. There is again no dividend – the last payment was a final of 2p in respect of 1989-90.

I&S Optimum net asset value falls

I&S Optimum Income Trust saw its net asset value fall to 89.48p at November 30 1992, compared with 95.86p a year earlier.

The trust's aim is to provide a high and growing level of income by investing in blue chip UK companies.

In the six months ended November 30 gross income came to £1.72m (£1.71m) and earnings per share worked through at 3.87p (3.94p).

The second quarterly dividend is 1.85p to make 3.7p (3.6p) so far. A minimum total for the year of 7.4p (7.25p) is indicated.

HTV gets go-ahead for land sale

Having been granted planning permission, HTV Group announced it is now able to complete the sale of 9.3 acres of undeveloped land at Culverhouse Cross, Cardiff.

In response to an appeal by the developer, Atlantic Property Developments, the planning inspector gave his formal consent to the planning application made on December 17.

Subject to the statutory period to challenge the appeal decision, the sale becomes unconditional on March 17 1993.

On the agreement becoming unconditional HTV will receive £2.5m – the group has already received £1.5m cash – representing a surplus of £1.8m above book value.

Receivers called in at Trilion

Mr AV Lomas and Mr AJ Barratt of Price Waterhouse have been appointed administrative receivers to Trilion, the USM-quoted television production company. This follows last week's announcement that its shares had been suspended at 3p.

Kynoch capital reconstruction

Kynoch Group has called an extraordinary meeting for January 14 to consider proposals for a capital reconstruction to eliminate the deficit on profit and loss account.

That will involve cancellation of the share premium account and reduction of the ordinary capital by writing down the nominal value of shares from 25p to 10p.

The group makes and supplies medical equipment, and is involved in Shetland knitwear. In the 16 months ended December 31 1991 the holding company showed a deficit on profit and loss account of £2.08m, and the directors are forecasting that will increase to no more than £2.89m for 1992.

It is expected the reduction should be effective in or about February, after the High Court has given sanction.

Improvement at F&C Smaller Cos

Over the six months ended October 31 1992 net asset value of Foreign & Colonial Smaller Companies recovered from 107.3p to 109.2p.

At end-October 1991 it stood at 109p.

Sir Peter Hordern, chairman, said in all the principal markets of the world smaller companies had been under pressure. But the company outperformed the stock market indices.

On the income side, dividends from investments had been better than expected although there was a few reductions. Benefit came from the fall in sterling and foreign currencies were borrowed at low interest rates.

Total revenue improved from £2.33m to £3.28m while earnings per share came to 1.66p (1.45p). The interim dividend is lifted to 0.68p (0.65p) and it is intended to pay a final of 1.16p (1.1p).

Capita varies terms for ED&M purchase

Capita, the management consultancy, information technology and building services consultancy, has reached agreement with the vendors of Estate Design & Management to vary the terms of the deferred consideration payable to them in respect of the acquisition of ED&M by Capita earlier this year.

The company has now entered an agreement to cancel the remaining deferred consideration arrangements in return for a total consideration of £705,716 which has been satisfied by the issue of 169,596 new Capita ordinary.

Berlitz clears the way for Japanese bid

By Alan Friedman in New York

BERLITZ, the language school and publishing group that was once part of the late Mr Robert Maxwell's empire, yesterday said it had resolved a number of outstanding differences with the court-appointed administrators of the Maxwell Communication Corporation (MCC).

The agreements should help clear the way for the planned takeover of Berlitz by Fukutake, a Japanese publisher.

The Fukutake deal was contingent upon the resolution of disputes about financial obligations among Berlitz; MCC, which is operating under US bankruptcy proceedings; and Macmillan, the publishing subsidiary of MCC.

The issues that were settled yesterday include an agreement under which Macmillan will transfer to Berlitz 180,000 shares of Berlitz preferred stock it was holding.

In addition Berlitz will transfer to Macmillan a $64.6m Macmillan promissory note it was holding. MCC will then release Berlitz from all claims against the company. For its part, Berlitz will agree to reduce by $58m to $71m the amount of its claims against MCC regarding outstanding promissory notes. The companies have also agreed to clarify certain tax agreements.

Berlitz said the Fukutake deal would be submitted to its shareholders in January.

MCC has featured in the Berlitz saga because some 56.5 per cent of Berlitz stock was pledged to banks last year as collateral for loans made to the late Mr Robert Maxwell. These shares have been the subject of litigation.

When the Fukutake deal is completed Berlitz shareholders will end up with 33 per cent of the company and the Japanese buyer will own the majority 67 per cent stake.

Pilkington takes stake in £110m Polish project

By Maggie Urry

PILKINGTON, the glass maker, has signed a joint venture agreement to build a float glass plant in Poland. The deal, which has been under negotiation for 18 months, will give it a 40 per cent equity stake in the $171.5m (£110m) project.

The new company Pilkington Sandoglass, will take the state owned glass plant at Sandomierz giving the Polish state treasury a 30 per cent equity stake in return.

The company will build a new float plant with an annual design capacity of 140,000 tonnes adjacent to the existing plant which can produce 106,000 tonnes a year of sheet glass.

Mr Andrew Robb, Pilkington's finance director, said its equity investment will be largely repaid within a year by fees for technology and equipment as it provides the expertise to build and operate the plant.

Pilkington Sandoglass will have equity of $64.2m and borrowings of $107.3m. The International Finance Corporation, part of the World Bank, will provide $33.3m of debt finance, will syndicate another $24.5m, and also take a 15 per cent equity stake. The European Bank for Reconstruction and Development is putting in $34m of debt and taking another 15 per cent stake. The Polish Development Bank is lending $15.5m.

Rescue plan proposed for Upton & Southern

By Maggie Urry

A RESCUE reconstruction has been proposed at Upton & Southern Holdings, the Middlesbrough-based department store and property group. A new management team, headed by Mr James Hodkinson, a director of Kingfisher, the retail conglomerate, is also planned.

USH lost £2.86m before tax in the financial year to end-January. The balance sheet showed negative net worth of £500,000 and the accounts were qualified. It owes the Bank of Scotland £5.9m.

The bank has agreed to a reconstruction involving £1.5m of the debt being turned into convertible preference shares, a £3m sale and leaseback of freeholds, a £375,000 write off of accrued interest leaving the group with a term loan of £800,000.

USH also aims to raise £785,000 through a firm placing of 65m shares and an open offer of 36m shares at 1p a share, which will be roughly equal to net asset value after the reconstruction. The shares, traded on the Stock Exchange's new SEATS system, stood at 5p yesterday.

Mr Hodkinson will become a non-executive chairman, and Mr Jeffrey Gould, ex-managing director of the John Kent chain, will be chief executive. Of the existing board only Mr John Upton will remain. Mr Ian Steven, who was finance director of A Goldberg, a Scottish retailer which went into receivership, will be a non-executive director.

Directors will apply for 8.25m of the shares and the new directors and associates will subscribe for 9.75m, giving a combined stake of 16.4 per cent.

Mr Gould said the group had been dragged down by its property side, but that the retail business was fundamentally sound. He said that with annual sales of £12m and after the capital reconstruction, the group was large enough and had the cash to be turned round.

However, looking ahead, he said "it is not our intention to run a group with £12m of sales" hinting at acquisitions and expansion.

Christie's follows rival and lifts charges

By Antony Thorncroft

CHRISTIES International, the fine art auctioneer, has followed its rival Sotheby's in increasing the premium it charges buyers at its sales from 10 to 15 per cent from March 1 1993.

The new charge will apply to the first £30,000 of the hammer price on any lot. Above £30,000 the 10 per cent rate will continue to be levied.

Christie's South Kensington and Christie's Scotland, which between them account for 64 per cent of the lots the group sells in the UK, will retain the 10 per cent charge, as will coin and wine auctions at the main King Street saleroom.

The art market is recovering from the recession more slowly than both Sotheby's and Christie's anticipated: hence the need to raise their charges to buyers.

At the same time the fierce competition between the two houses for major properties to sell has forced them to reduce the commission they charge important vendors.

In 1992 Christie's further closed the gap on market leader Sotheby's. Sotheby's reported year-end sales figures of $1.13bn (£674m) yesterday, a rise of 2 per cent in dollar terms and 5.5 per cent in sterling over 1991. Christie's did relatively better. Its annual turnover of £631m ($959.1m) represented a 2 per cent improvement in dollar terms and 8 per cent in sterling. (The auction houses use slightly different currency valuations). It seems that the 1991 balance of 52:48 in favour of Sotheby's has changed marginally to 51.5:48.5.

Christie's had a better autumn season with sales at £312m ($488m), up 17 per cent in sterling but only 4 per cent in dollars following the devaluation of sterling in October. In dollar terms Sotheby's autumn figures were down by 3 per cent at $495.4m, although translated into sterling at £318m, they were up 10 per cent.

Both salerooms have shed staff in the past week. Mr Christopher Davidge, Christie's managing director, reported that since 1990 costs have been cut back by £32m, or 24 per cent, with 300, or 20 per cent, of the group's jobs going in the same period.

Alan Harper

Fierce competition has forced the houses to reduce the commission they charge important vendors

The market is improving, but very slowly, with sellers in particular reluctant to offer good objects at auction. Sotheby's reports that it sold 70 works of art for more than $1m this year as against 51 in 1991.

Christie's broke the $1m barrier 69 times compared with 61 in 1991, and for the fourth successive season sold the most expensive work of art at auction, the $14.5m (£9.6m) paid in New York for *Harmionie Jaune* by Matisse.

The salerooms' decision to increase their income from buyers is a gamble. It offers an opportunity for dealers, who are pricing their works of art more competitively, to regain some of the ground they have lost to the auction houses in recent years.

Among the smaller London salerooms Phillips saw its turnover fall by 11 per cent in 1992, to £80.8m, but Bonhams had its best year ever, with sales of £22.5m, a gain of 22 per cent.

Asprey and Mallett take first step towards merger

By Antony Thorncroft

TWO OF London's oldest and most respected firms of antique dealers are taking the first steps towards a merger.

USM-quoted Asprey, of 163 New Bond Street, best known as a silver, jewellery, and luxury goods specialist, has acquired a 6.8 per cent stake in Mallett, the English furniture dealer based at 40 New Bond Street.

Asprey is run by Mr Naim Attallah, who is building up a small conglomerate of companies trading in up-market accessories. In the past year Asprey has acquired Watches of Switzerland from Ratners for £23.2m and Hamilton & Inches, the Edinburgh-based silversmiths, for £1.3m. It also owns Garrards and Mappin & Webb.

Negotiations are in a very early stage but Mallett does not seem opposed to a full bid. "We look favourably on people who are going to improve our share value," said the company yesterday.

Started in Bath 125 years ago, Mallett has been in Bond Street since 1908. Mallett of Bourdon House, an associate company, operates nearby in Davies Street and specialises in continental furniture and decorative objects.

In 1991 Mallett acquired Christopher Wood, one of London's leading dealers in Victorian art. Wood's stock of pictures now occupies two of Mallett's five floors in Bond Street.

As a furniture dealer Mallett has not suffered as badly during the recession as dealers in paintings, but its 1991 turnover of £8.39m and net profit of £200,000 compared with £14.6m and £1.56m respectively in 1990. Mallett incurred a small loss in the first half of 1992. Its stocks are valued at £11.8m.

Along with Partridge, its Bond Street neighbour, Mallett is regarded as the leading dealer in antique furniture in the UK. Both Asprey and Mallett are stressing that negotiations have barely started but Mallett would certainly fit neatly into Mr Attallah's programme of luxury acquisitions.

Mallett's shares rose 19p to 73p yesterday.

Provision arrests Border TV

By Matthew Curtin

BORDER Television, the Carlisle-based regional ITV station, reported a small improvement in pre-tax profit, from £509,000 to £519,000, in the half year to October 31.

However, Mr Peter Brownlow, finance director, warned that the company might not match last year's full-year performance, when pre-tax profit jumped 40 per cent to £1.22m. In spite of successful cost-cutting, the company faced a shrinking advertising pie.

Turnover was unchanged at £5.9m with a 4 per increase in advertising revenue offset by lower programme sales.

Pre-tax profit was reduced by a £385,000 exceptional provision for retrenchment costs, stemming from the 20 per cut in staff announced in September. That followed the decision by Border and Granada to link their transmission and sales operations.

Mr Brownlow envisaged Border striking up a range of "cost-saving alliances" with other franchise holders in the north of England.

Mr Melvyn Bragg, chairman, said Border would continue to invest in local radio. The location of Carlisle Radio – Border has a 20 per cent interest in the consortium which successfully tendered for the franchise this year – at the company's headquarters had created "a true broadcast centre".

Earnings per share were 3.4p (3.3p). The interim dividend is increased from 1.1p to 1.3p.

C3W seeks withdrawal of HTV's licence

By Raymond Snoddy

One of the unsuccessful bidders for the Wales and the West ITV franchise has formally called on the Independent Television Commission to revoke HTV's licence.

C3W which passed the quality threshold but was outbid by HTV sent the formal application to Sir George Russell, the ITC chairman, on the grounds that HTV would not be able to fulfil its programming obligations. The new franchise period starts on January 1.

HTV bid £20.5m a year to retain its broadcasting licence and like most ITV companies has been hit by the recession. It has also been suffering from a drift of advertising to London and the south.

C3W is backed by Associated Newspapers and Flextech, the cable television companies.

The consortium has also been recently joined by Chrysalis, the independent record and broadcasting group.

Earlier this year White Rose Television made a similar move against Yorkshire but it was thrown out by the ITC.

The ITC is likely to take a similarly robust view of the C3W attack on HTV. ITC officials believe that according to broadcasting legislation a company only has to have its business plan passed once by the ITC.

An existing ITV company is already proving that it is capable of broadcasting and that it is only when it has actually failed to fulfil its programme obligations that the ITC would move against it. The ITC has the power to impose fines, reduce the length of a company's franchise and even remove the licence.

Thorn sale helps Chrysalis return to black with £5.6m

By Peggy Hollinger

A PROFITABLE exit from a joint venture with Thorn-EMI helped Chrysalis, the music publishing, communications and media company, return to the black with pre-tax profits of £5.63m for the year to August 31, against losses of £9.33m.

The result, struck on sales 3 per cent lower at £65.9m, was enhanced by the £9.65m net profit on discontinued activities, taken above the line. This included the £11.58m profit from the sale of the company's stake in Chrysalis Record Companies, to Thorn in November 1991.

Mr Nigel Butterfield, finance director, said that at the operating level, the company recorded a loss of about £4.8m. The group again passed the dividend, which has not been paid since 1989-90. Earnings per share of 26.02p compared with losses of 30.06p.

Worsening conditions in MAM, Chrysalis's fruit machines subsidiary and the costs of investing in existing businesses were the main reasons behind the operating losses, said Mr Butterfield. Fruit machines incurred losses of £1.8m (£1.1m) and this business was expected to suffer substantial losses this year.

Music publishing profits dived from £1m to £250,000, due to the investment of more than £1m in signing new talent. Recent names included the Smashing Pumpkins, who have several hits in the US, and the Sugar Merchants in the UK.

Higher operating costs hit wholesale exports, which fell by £200,000 to £500,000.

All other on-going business incurred deeper losses, except property, which cut its deficit by £700,000 to £300,000. However, Mr Butterfield said that the media businesses had "turned round profits" in the current year. Excluding the fruit machine businesses, the group was capable of achieving healthy profits, he said.

Bula to raise I£10m via offer

Bula Resources, the oil and gas exploration group, is to raise up to I£10.7m (£11.55m) via an open offer of up to 1.08bn new shares at 1p each on a 2-for-1 basis. The target minimum amount to be raised is I£800,000.

Qualifying shareholders may apply for any number of open offer shares. Proposals to subdivide and convert the ordinary 2.5p shares into 1p ordinary and 1.5p deferred shares will be put to shareholders at an extraordinary meeting.

The interim results for the six months to June 30 showed there was a net profit of I£31,000, compared with I£34,000 last time. Turnover was down from I£1.23m to I£913,000. Earnings were little changed at 0.006p (0.007p).

Albrighton pays £3.2m for Tarmac quarry arm

By Peter Pearse

ALBRIGHTON, which over the past two years has made a series of disposals to reduce indebtedness, yesterday announced an expansion of the group's chosen field of operations – quarrying – with the acquisition of the natural stone products side of Tarmac Buildings Materials for £3.21m cash.

The sale by Tarmac takes the proceeds from its own disposal programme to £130m for the year.

Mr Peter Woodman, Albrighton chairman and chief executive, said that the natural dimensional stone industry in the UK had enjoyed a revival in the past decade and that growth was expected to continue.

To pay for the acquisition, comprising five dimensional sandstone quarries in Derbyshire and the north of England and two masonry processing plants, Albrighton is to issue, by way of an open offer and placing, some 44.3m new ordinary shares, at 12p each and on a 7-for-1 basis, to raise about £4.96m net.

In the six months to September 30, Albrighton reduced its pre-tax losses to £62,000 (£347,000) on turnover down at £1.16m (£6.85m).

Treatment of repurchasing debt

Andrew Jack discusses the effect of a new accounting rule

THE battle lines are drawn over a prospective new accounting rule which could force several prominent British companies to take as a charge in their current financial year many millions of pounds spent in repurchasing debt.

The principal companies affected immediately will be the privatised utilities which successfully took part in the government debt auction last November: British Telecom, Scottish Power, PowerGen and Scottish Hydro.

At stake is a mooted ruling from the urgent issues task force of the Accounting Standards Board, which could be published and enforced as early as next spring.

The decision has not yet been finalised, but the task force says the preliminary view of a majority of its members is that any gain or loss to a company on the repurchase of its own debt should be recognised immediately.

The alternative view – already adopted and defended by some companies – is to defer these items and recognise them over the period of the loan.

Scottish Hydro-Electric has already publicly announced that it intends to adopt the former approach. The company bought back from the government £116m in 11.5 per cent debt redeemable in 2001, using cash and some short-term borrowings.

It will show a redemption charge in its accounts for the year to March 31 next year of £12.5m. That cost will be offset by an estimated saving in interest payments of £1m for the current year and £4m a year thereafter. There will also be the impact of the short-term borrowings it used on the repurchase, which are currently estimated at about £20m.

"It would be more of a nuisance value to keep writing off the debt each year," says Mr John Gray, finance director. "It's better to take a big hit now while it is flagged and fresh in the minds of analysts. It's nice to clean these issues up."

That is a view shared by Mr John Rennocks, finance director of Powergen, which bought back £150m 11.9 per cent debt at a premium of £19m. "I think this is the most sensible and reasonable solution," he says.

Mr Ray Hinton, technical partner at Arthur Andersen and a member of the task force, echoes these views. He says the argument works on two levels.

Intellectually, the ASB's statement of principles says an asset is a right or access to future economic benefits. The gains or loss on repurchase of debt would not qualify. Intuitively, he says: "People didn't feel comfortable with taking the gains or losses on one type of transaction and pitching it on to another."

To have reached its preliminary view, only two task force members could have voted against. Most are strongly minded to support the move when they meet again in January. It could then come into force almost at once.

But Mr Duncan Whyte, finance director of Scottish Power, takes the alternative view. "We have made it very clear we will write off the debt over the period it was redeemable," he says. "To do otherwise would be inconsistent and lead to distortion of earnings."

He stresses that this is not a short-term, self-serving solution. PowerGen has already adopted the practice as part of its declared accounting policies, and used it in a previous repurchase of about £13m in debt from the National Loan Fund. Had it adopted the task force's approach rather than amortising the gains, it would have boosted short-term earnings.

But with a financial year-end in March, it may be forced to change its approach to comply with the new ruling. That will mean showing the £18m premium on the profit and loss account, offset by about £4m a year in saved interest payments assuming interest of 7 per cent.

Meanwhile, British Telecom has yet to make up its mind. It bought back £320m in the government debt auction at 12.25 per cent, some redeemable in 2000 and the rest in 2002. That incurred a premium believed to be about £55m.

There is a wider significance to the task force's statement last week. First, it represents an attempt to ensure that preparers of accounts are notified well in advance to give time for consultation. That follows anger from companies that they were caught by surprise by a ruling a year ago on the treatment of goodwill on the disposal of acquisitions.

Second, debt repurchase is one of the first issues on which the task force has been used as a sounding board for a prospective accounting treatment. This is in line with a plea earlier this month by Sir Ron Dearing, chairman of the Financial Reporting Council, the ASB's parent body, who wants to get away from the practice of the task force reacting to unusual treatments already produced in published accounts.

Scottish Hydro approached the task force over the summer to ask how it should deal with the repurchase of its debt. It – and particularly the other utilities – will watch the final task force ruling with great interest.

US Smaller raising £40m

By Philip Coggan, Personal Finance Editor

US SMALLER Companies Investment Trust, which floated on the main market in 1991, is raising another £40m via a placing and open offer.

The trust is managed by Wellington Management International, part of the US investment group Wellington, and its share price has performed well since launch. Shares were trading at 129p yesterday morning, compared to a launch price of 100p and the warrants (initially offered on a one-for-five basis) were trading at 64p. The prices were unchanged on the day

Shares in the trust were trading at a small premium to net assets yesterday morning, traditionally a necessary condition for an investment trust to raise new equity capital.

The placing, is in the form of 100p units which will be convertible into shares and warrants at a price equivalent to asset value on January 15. Holders will be entitled to new units on a two-for-five basis.

The trust said that the additional funds "will enable the company to invest in a cost-effective manner in a greater number of US smaller companies without reducing the size of its individual holdings."

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Border TV	Int	1.3	Mar 19	1.1	-	2.7
British Thornton	Int	0.25☆	Feb 1	nil	-	nil
F&C Smaller	Int	0.68	Feb 4	0.65	-	1.75
I&S Optimum Inc	Int	1.85‡‡	Feb 8	1.8	-	7.25
TR High Income	Int	1.4	Jan 31‡	1.4	-	6

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡Corrected. ‡‡Makes 3.7p to date (3.6p). ☆Special dividend.

COMMODITIES AND AGRICULTURE

London copper prices rise sharply on technical factors

By Kenneth Gooding, Mining Correspondent

COPPER PRICES rose sharply yesterday as technical influences gripped markets where trading was thin because of the approaching holiday.

Traders said there was some Chinese buying and news that Polish copper miners might join a general strike, but these had little influence — neither did renewed unrest in Zaire, once a big copper producer.

The upward surge was mainly caused by options-related activity, currency movements and by chart-watching buyers, they suggested.

LME WAREHOUSE STOCKS (As at Monday's close) tonnes		
Aluminium	+8,750	to 1,526,650
Copper	+5,075	to 842,400
Lead	−250	to 212,550
Nickel	+720	to 67,914
Zinc	+7,400	to 457,525
Tin	+675	to 15,365

Copper for delivery in three months reached $2,277 a tonne ($1.03 a lb) at one stage on the London Metal Exchange yesterday and it was still $2,274 in after-hours business, up $17 a tonne from Monday.

In sterling terms, the price was also helped by the pound's weakness against the dollar. Three-month copper closed at £1,489.25 a tonne, up £35.75.

Mr Ted Arnold, analyst at the Merrill Lynch financial services group, pointed to the profound effect commodity funds, managing about $26bn, were having on traded metals markets.

"These funds tend to work primarily on technical analysis," he said.

CIS aluminium costs 'are half world average'

By Kenneth Gooding

ALUMINIUM SMELTERS in the Commonwealth of Independent States have exceptionally low operating costs, according to estimates by the Anthony Bird Associates consultancy group.

In mid-1992 these costs were about 25 US cents a lb on average – well below the 53.6 cents average at smelters in the rest of the world, it suggests.

CIS smelters are "technically inefficient and are only made economic by astonishingly low input prices [for essentials such as labour and energy]," it says in a new study of industry costs.

"This edge will disappear if the CIS continues to move towards a market type of economy," the study suggests. But "by the year 2000 only one or two of the CIS smelters will still be competitive by western standards. The rest of them won't necessarily close down, they might be kept in business to supply local demand, on a protected basis. But cost pressures will put an end to the flood of metal flowing from east to west".

Aluminium Production Costs: 1992. £4,500 from Bird Associates, 193 Richmond Road, Kingston upon Thames, Surrey KT2 5DD, UK.

Diamond gloom lifts as Angolan smuggling eases

By Kenneth Gooding, Mining Correspondent

THE THREAT of civil war in Angola and growing consumer confidence in the US is lifting some of the gloom from the diamond market.

The flood of smuggled rough (uncut) diamonds from Angola, which was severely destabilising the market, has slowed to a trickle. Also official production by Angola's state-owned Endiama group has come to a halt following renewed tension and fighting between government forces and the Unita movement.

At one time an estimated 50,000 private enterprise diggers were picking up diamonds from dried-up river beds in Angola. The stones were smuggled out mainly to Antwerp where De Beers, which controls 80 per cent of world-wide rough diamond sales, attempted to keep the market stable by buying them for its stockpile.

At the height of the rush De Beers' buyer in Antwerp mopped up nearly $40m-worth in one week and the group estimates about $500m of stones were smuggled out of Angola this year, representing a sudden 10 per cent addition to world supply.

However, most of the unofficial diggers disappeared when political tension in Angola was renewed after elections in September and the Unita forces withdrew to their stronghold in the southern provinces, including the Lunda Norte diamond district.

After fighting broke out last month, sub-contractors who mine on Endiama's behalf withdrew all their personnel. Last year Angola's official diamond production was in the region of 1m carats, worth about $100m.

Coming at a time when demand was weakening in the biggest diamond markets – the US and Japan – because of recession, the Angolan smuggling has been putting a severe strain on De Beers' financial resources and its ability to stop a precipitous fall in rough diamond prices. De Beers has told the producers whose stones it markets that it can take only 75 per cent of the agreed quota and has also severely restricted the diamonds releases to the market via merchants at its monthly "sights".

Some traders suggest that, consequently, rough diamond prices are getting firmer and there are even some shortages of particular types of polished stones. "Rough [diamond] buyers say the market is now in balance rather than a buyer's market as it was a few weeks ago," said Mr Mark Cockle, editor of the Diamond International magazine.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,670-1,710 (1,635-1,700).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.20-2.40 (2.25-2.45).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 0.45-0.55 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 15.50-16.00 (15.50-16.20).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 120-140 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 1.85-1.95 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.80-5.50.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 40-50 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 1.75-1.85 (same).

URANIUM: Nuexco exchange value, $ per lb, U_3O_8, 7.90 (same).

Peruvians feast on guinea-pig and chips

One thoroughbred specimen can now serve four hungry people, writes Sally Bowen

A selectively-bred animal can tip the scales at 1.75 kg, as much as a good-sized chicken

A QUARTER guinea-pig and chips is an increasingly common menu item in the small towns of the high Peruvian Andes. Nothing remarkable in the protein source – local inhabitants have been eating guinea-pig with relish for thousands of years. But, because of its size, a whole animal has traditionally been the portion.

Now a well-researched programme of genetic improvement plus an imaginative initiative by international aid agency Care are starting to bear fruit. try-dwellers – and provide much-needed animal protein in the Andean diet.

"Guinea-pig meat is excellent food value," says Mr Jose Sarria, head of the research programme at Lima's national agrarian university of La Molina. "It's higher in protein and lower in fat than beef, pork, lamb or chicken." The Andean farmers and their families, who are primarily responsible for the estimated 66m guinea-pigs that Peruvians consume each year, just know it's delicious.

Even though the guinea-pig, or "cuy" as it is most commonly known in Peru, is first cousin to the rat it has a different number of chromosomes. Mating between the species is impossible, experts assure the squeamish.

Cuyes are traditionally to be found scurrying about the dirt floors of Andean kitchens, eating whatever scraps of food and vegetable peelings come their way. Always handy, they get plucked and thrown into the pot whenever there is reason for a party – Andean weddings, local saints' days and visits from relatives are never celebrated without cuy.

But this type of small animal management, or mismanagement, has caused genetic deterioration in a species native to the Andes. When animals of all ages and sizes and both sexes run free, in-breeding swiftly becomes a problem, which the exceptionally short biological cycle of the cuy exacerbates. Females can come on heat as early as 25 days old, but they will produce small and often weak litters that their own underdeveloped bodies are incapable of feeding adequately.

Standard Andean grasses, maize stalks or potato peelings, while convenient, do not produce what the locals term "the giant cuy". Mr Sarria says the improved guinea-pig needs a diet of 18 per cent protein. Even alfalfa provides only a small percentage of that.

Finally, traditional management means that a process of inverse selection occurs. For celebrations since the times of the Incas, the best animals have found their way to the table, while the punier are left to continue the race.

In the mountains of the Callejon de Huaylas, known as "Peru's Switzerland" for its eternally snow-covered, 22,000 ft peaks, Care has been sponsoring a cuy breeding programme in conjunction with the regional government since 1989. It is estimated that 45 per cent of local children in the beautiful but poor valley are chronically under-nourished.

So far nine local communities are proud owners of a model breeding shed where 400 animals mate, are properly fed, weighed and watched over. Another 70 communities benefit from technical advice at an individual family level.

Most of the community projects are run by the "mothers' clubs" of village women. In the small town of Tingua, a countrywoman shows off her animals. "See, this one we'll keep for breeding. She has short hair and dark, bright eyes. This one here does not look so good – it will be sold for the pot."

The animals are kept in separate concrete-built "pens" holding about ten, where they can be better monitored, selected for breeding and quickly isolated if they fall sick. A prize specimen tips the scales at 1.75 kg, the weight of a good-sized chicken.

In Cruz de Mayo, another Andean village, high above Caraz, caring for the community's rotating stock of 400 cuyes is a new job for a villager who now admits to being "useless for hard labour in the fields". He is proud to pass on his new-found expertise, showing how young animals are sexed and separated at one month old. Ten females are put to one male, "but not until they are 90 days old", he explains. "That way they make better, fitter babies."

Eighty villagers share management of the Cruz de Mayo "cuy-house". There is a rota for cleaning out the pens, for cutting and transporting the alfalfa or maize stalks. A separate room contains a small stock of veterinary products for treatment of occasional skin diseases or parasites.

"A little bit of technical help makes a huge difference," explains Tulio Triveno, Care's local director as he distributes simple illustrated leaflets which explain the basics of cuy care. "But the cuy is a hardy beast, much more resistant to the tough climate, the altitude and to infections than the rabbit."

There's still a long way to go. Ninety-nine per cent of Peru's 22 estimated 1m guinea-pigs are still reared in the bad old ways. Mr Sarria's goal is to raise production to a minimum of eight healthy young per female per year.

And it is just possible that this traditional Andean staple could become a delicacy for jaded palates abroad. The cuy is already kept for food in several North African countries and the Agrarian University has recently dispatched samples of the "improved" animal to Cuba and parts of the US that have large colonies of Peruvian exiles.

"We think that the guinea-pig, kept in most developed countries for laboratory experiments, is a real food option in many countries of the world," says Mr Sarria.

Banana growers breathe more easily after EC deal

Canute James reports on Caribbean reactions to last week's compromise agreement

CARIBBEAN BANANA producers are breathing much more easily in the wake of last week's compromise agreement by the European Community's farm ministers on a regime for marketing the fruit in Europe. The region's political and farm leaders have said, however, that the market for Caribbean produce in Europe is still threatened unless production costs can be reduced and quality improved.

The Caribbean industry has concluded that its two main concerns of access and price have been met by the formula agreed by the farm ministers, and that the region's fruit will still be competitive against the cheaper, so-called "dollar area" fruit from Latin America. Caribbean and African producers had feared that they would lose their market share to the more competitive fruit when a single European market is created next month.

The presidents of eight Latin American banana-producing nations have asked the EC to revoke an agreement restricting their banana sales to community countries from next year, reports Rueter from San Jose, Costa Rica.

"We urge the European Community to revoke the decision taken, in order to renew dialogue and negotiate with our countries the new conditions of access for Latin American bananas in accordance with the norms and commitments of the Uruguay round and Gatt," the presidents said in a joint statement handed to the British Embassy in San Jose.

Latin American nations expect to export some 2.7m tonnes of bananas to EC countries in 1992.

The four Windward Islands, which produce two out of every three bananas consumed in Britain, said they were satisfied with the new EC import regime, which is based on tariff quotas for Latin American fruit.

In lobbying for guaranteed access to the European market the Caribbean and African producers had argued that the community had a legal obligation to protect their market, based on a protocol in the Lomé Convention, an aid and trade treaty, under which the EC promises not place to its banana producers "in a less favourable situation than in the past or the present".

The Caribbean producers feel that, with the dollar area fruit attracting duty of Ecu100 (£80) a tonne on its 2m tonnes-a-year quota, the region has a virtually guaranteed access for the remaining 1.5m tonnes a year that the EC will need, as the Ecu850-a-tonne duty that Latin American bananas will attract if they breach the quota will make the fruit too expensive.

Mr James Mitchell, prime minister of St Vincent, said that with the new EC regime coming into effect in July, the Caribbean will have to improve the quality of its fruit. One repeated criticism of Caribbean fruit has been that its quality has been consistently lower than that of the Latin American fruit. "The price which we can get will be better for good quality," said Mr Mitchell.

Dame Eugenia Charles, the prime minister of Dominica, feels that there is still a possibility that, even with the tariff, Latin fruit could be cheaper in Europe, bringing down prices paid for imports from the African, Caribbean and Pacific (ACP) group of countries.

The Jamaican government appears to have more reservations than others about the new arrangement, and plans consultation with its partners in the region, although they have already said they are satisfied. Mr David Coore, Jamaica's foreign trade minister, said there will be consultation with the Windward Islands' governments, and with banana distributors in the UK "to determine whether this arrangement goes far enough and what further action, if any, we may need to take to protect our vital interests in this matter".

Jamaican farm leaders, however, appear more optimistic than the government. "We were hoping to have a quota and assured entry, but with what has been allocated the Caribbean and other ACP producers, we will be able to survive," concluded Mr Bobby Pottinger, president of the Banana Growers Association of Jamaica.

WORLD COMMODITIES PRICES

MARKET REPORT

London's robusta **COFFEE** futures closed near a fresh 20-month high as the strong upward trend showed no signs of abating. Dealers said the market's advance continued to be fuelled by the strength of New York where key resistance levels were being regularly breached. However, New York arabica futures were only moderately firmer by midday as profit taking emerged following the sharp gains of the past two days. **GOLD** reversed small early gains to hover near support around $332 a troy ounce with the market nervous of a a possible repeat of Monday's $4 sell-off. Dealers said trade was thin. "Under normal circumstances the volume traded would not have moved the market so much," said one trader. **SILVER** was in retreat in London after selling at the Comex opening. One dealer said some long-term operators had returned to the market to buy at 370, but others said recent rallies in world equity markets could indicate industrial recovery, lifting the silver price.

Compiled from Reuters

London Markets

SPOT MARKETS		+ or -
Crude oil (per barrel FOB)(Jan)		
Dubai	$16.40-6.50u	-.025
Brent Blend (dated)	$18.10-8.15u	-0.05
Brent Blend (Feb)	$18.50-8.55	
W.T.I (1 pm est)	$19.85-9.90	+0.05
Oil products (NWE prompt delivery per tonne CIF		
Premium Gasoline	$191-193	
Gas Oil ♦	$180-181	-2
Heavy Fuel Oil	$73-75	+1
Naphtha	$179-180	-2
Petroleum Argus Estimates		
Other		
Gold (per troy oz)♣	$332.30	-1.85
Silver (per troy oz)♣	370.50c	-5
Platinum (per troy oz)	$358.50	+1.25
Palladium (per troy oz)	$107.00	+0.6
Copper (US Producer)	104.5c	+0.5
Lead (US Producer)	34.625c	
Tin (Kuala Lumpur market)	14.39r	+0.11
Tin (New York)	2653.5c	+2
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	116.68p	+2.85*
Sheep (live weight)†♣	84.42p	+5.48*
Pigs (live weight)†	85.71p	+0.78*
London daily sugar (raw)	$206.2w	-6
London daily sugar (white)	244.0w	-4
Tate and Lyle export price	£241.0	-3
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£155.5	+0.5
Wheat (US Dark Northern)	Unq	
Rubber (Jan)♥	63.00p	+0.5
Rubber (Feb)♥	63.25p	+0.5
Rubber (KL RSS No 1 Jan)	227.5m	+0.5
Coconut oil (Philippines)§	$460y	+10
Palm Oil (Malaysian)§	$392.5u	
Copra (Philippines)§	$290.0	
Soyabeans (US)	£171.0	+2
Cotton "A" index	54.55c	+0.25
Wooltops (64s Super)	397p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jan/Feb u-Feb.x-Aug.w-Dec/Jan. z-Jan/Mar. †Meat Commission average fatstock prices.* change from a week ago ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♣Sheep prices are now live weight prices. ♦ Gas Oil Price for 3/12/1992 174-175 down 2

SUGAR – London FOX			($ per tonne)
Raw	Close	Previous	High/Low
Mar	181.00	184.00	181.00
White	Close	Previous	High/Low
Mar	245.50	245.00	245.90 244.90
May	247.80	247.50	247.90 247.00
Aug	253.80	253.50	253.70 252.90
Oct	241.50	241.00	241.50
Dec	245.00	244.30	245.00
Mar	248.00	248.00	248.00

Turnover: Raw 7 (17) lots of 50 tonnes. White 1150 (722) Paris- White (FFr per tonne): Mar 1346.33 May 1377.93

CRUDE OIL – IPE			$/barrel
	Latest	Previous	High/Low
Feb	18.61	18.84	18.65 18.47
Mar	18.58	18.69	18.66 18.55
Apr	18.61	18.71	18.68 18.60
May	18.65	18.73	18.70 18.63
Jun	18.69	18.70	18.72 18.67
Jul	18.68	18.74	18.72 18.66
Oct	18.75	18.80	18.75
IPE Index	18.60	18.68	

Turnover 16558 (22450)

GAS OIL – IPE			$/tonne
	Close	Previous	High/Low
Jan	175.00	177.00	177.50 174.75
Feb	176.00	177.50	179.00 175.75
Mar	175.75	177.25	177.00 175.50
Apr	173.00	174.50	174.75 173.00
May	171.50	173.25	173.50 171.50
Jun	170.50	172.25	173.00 170.50

Turnover 10241 (9706) lots of 100 tonnes

COTTON

Spot and shipment sales in Liverpool for the week ended 18 December amounted to 200 tonnes against 228 tonnes in the previous week. Subdued offtake did not bring many operations. Support was forthcoming in certain specialist styles notably in the Central Asian and Mali range.

JUTE

Jan/Feb: C and F Dundee- BTC USD 360, BWC USD 390, BTD USD 325, BWD USD 340. C and F Antwerp- BTC USD 340, BWC USD 340, BTD USD315, BWD USD 315.

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
Dec	657	644	655 645
Mar	685	668	685 669
May	700	683	700 687
Jul	716	699	715 707
Sep	731	714	729 716
Dec	754	735	754 736
Mar	775	758	774 768
May	791	773	790
Jul	806	788	804 802
Sep	821	800	820 815

Turnover: 5130 (2475) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Dec.22 718.42 (725.86) 10 day average for Dec 21 731.85 (738.08)

COFFEE – London FOX			$/tonne
	Close	Previous	High/Low
Jan	1058	1042	1059 1043
Mar	1081	1067	1082 1068
May	1035	1030	1039 1026
Jul	1022	1018	1025 1011
Sep	1029	1025	1030 1020
Nov	1037	1032	1041 1028

Turnover:7086 (3876) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec.21: Comp. daily 66.43 (66.03) 15 day average 63.58 (63.11)

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Apr	63.5	63.0	63.5 63.0
May	71.0	70.0	70.5 70.0

Turnover 36 (41) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Feb	154.00	151.00	

Turnover 0 (0) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point
	Close	Previous	High/Low
Jan	1315	1309	1315 1310
Apr	1275	1272	1275
BFI	1378	1375	

Turnover 44 (60)

GRAINS – London FOX			£/tonne
Wheat	Close	Previous	High/Low
Jan	135.40	134.25	135.40 135.25
Mar	136.65	136.00	136.65 136.50
Jan	112.25	-	112.25
Barley	Close	Previous	High/Low
Jan	130.80	-	130.80
Mar	133.00	-	133.00

Turnover: Wheat 57 (71), Barley 68 (4).
Turnover lots of 100 Tonnes.

PIGS – London FOX		(Cash Settlement) p/kg	
	Close	Previous	High/Low
Jan	103.0	102.0	102.5
Mar	103.0	102.0	102.5

Turnover:5 (7) lots of 3,250 kg

LONDON METAL EXCHANGE	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 36,653 lots	
Cash	1236-7	1226-30		1231-1 5		
3 months	1259.5-60.0	1251.5-2.0	1270/1252	1255 5-6.0	1258-9	182,963 lots
Copper, Grade A (£ per tonne)					Total daily turnover 45,543 lots	
Cash	1464-5	1428-30	1458/1455	1456-5 5		
3 months	1489-9 5	1453-4	1489.5/1478	1481.5-2.0	1482-3	143,468 lots
Lead (£ per tonne)					Total daily turnover 3,406 lots	
Cash	300.5-1.5	291.75-2.25		297.5-7.75		
3 months	311-1.5	302.75-3.0	311/306	308-8.5	310-11	24,116 lots
Nickel ($ per tonne)					Total daily turnover 11,428 lots	
Cash	5875-85	5765-75		5880-70		
3 months	5950-5	5840-5	5960/5900	5940-5	5955-60	42,849 lots
Tin ($ per tonne)					Total daily turnover 4,447 lots	
Cash	5730-5	5725-30		5755-65		
3 months	5800-5	5790-5	5835/5785	5825-30	5815-20	9,288 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 18,622 lots	
Cash	1059-60	1064-6	1067/1066	1065.5-6.0		
3 months	1079-80	1085-6	1092/1073	1085-5.5	1079-80	93,408 lots

(Prices supplied by Amalgamated Metal Trading)

LME Closing £/$ rate: SPOT: 1.5390 3 months: 1.5247 6 months: 1.5143 9 months: 1.5063

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	332.10-332.50	
Opening	334.00-334.40	
Morning fix	334.35	216.618
Afternoon fix	332.80	215.974
Day's high	334.40-334.70	
Day's low	331.50-331.90	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	1.65	6 months	2.14
2 months	1.65	12 months	2.51
3 months	1.65		

Silver fix	p/troy oz	US cts equiv
Spot	241.40	373.35
3 months	245.65	376.35
6 months	249.45	379.40
12 months	257.10	387.35

GOLD COINS	$ price	£ equivalent
Krugerrand	334.00-336.00	215.00-217.00
Maple leaf	341.80-344.00	-
New Sovereign	79.00-81.00	50.00-52.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jan	Apr	Jan	Apr
1175	78	82	3	8
1200	57	79	5	12
1200	38	61	11	19
Copper (Grade A)	**Calls**		**Puts**	
2100	166	177	3	5
2150	119	134	4	11
2200	77	96	11	22
Coffee	Mar	May	Mar	May
950	137	112	6	27
1000	96	81	15	46
1050	62	56	31	71
Cocoa	Mar	May	Mar	May
650	46	51	11	28
675	30	36	20	38
700	19	34	50	56
Brent Crude	Feb	Mar	Feb	Mar
1800			7	20
1850	21		20	
1900	6	27	38	

INDICES

REUTERS (Base September 18 1931 = 100)			
Dec.22	Dec.21	mnth ago	yr ago
1679.7	1683.1	1654.4	1592.6

DOW JONES (Base: Dec. 31 1974 = 100)				
	Dec.21	Dec.18	mnth ago	yr ago
Spot	121.55	121.56	118.83	112.16
Futures	121.98	121.29	118.57	120.10

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LONDON STOCK EXCHANGE

Futures drive shares to new heights

By Terry Byland,
UK Stock Market Editor

PRE-CHRISTMAS trading on the London stock market reached new heights yesterday, spurred on by a strong rise in stock index futures which prompted heavy arbitrage business between the March contract and the underlying FT-SE stocks. Although the FT-SE Mid 250 Index continued its advance, gaining a further 1 per cent to 2,845.4, the futures-related activity turned the spotlight back on to the blue chip leaders. At the close, the FT-SE 100 Index was 34.3, or 1.2 per cent, higher on the day at another new peak of 2,842.

Yesterday's buyers appeared to be a shade more speculative than over the past week. In addition to the securities houses, busily arbitraging between futures and equities, buying came from across the range of investors, now convinced that economic revival is on the way.

Investors, also encouraged by firmness in other European bourses, appeared afraid of missing the turn in the markets; some analysts now predict a Footsie level of 3,500 next year.

Equities looked uncertain at first in spite of a heavy load of overnight tax-related deals. But after the Footsie had dipped 2.3 to 2,805.4, the futures market opened and a substantial premium on the March Footsie contract sent the blue chips racing ahead.

Later, the market took a favourable view of a modest rise in exports disclosed in the UK trade figures for November. Seaq volume of 815.1m shares compared with 831.4m on Monday when retail, or customer, business was worth £1.46bn.

● The March contract on the FT-SE Index traded at a premium of around 46 against the underlying stock market throughout the session as securities houses and traders sought to position themselves for the new year. Business was extremely heavy, with the March total approaching 9,000 lots in late dealings. The final reading showed March at a 45 premium to cash, compared with an estimated 19 fair value premium, the calculation which allows for dividend flows and financing costs.

Increased business in traded options lifted total contracts to 42,365 from Monday's 33,811, but turnover in Footsie options dipped to 11,090 lots. National Power (3,034) headed individual stock contracts.

Account Dealing Dates

*First Dealings:		
Nov 30	Dec 14	Jan 4
Option Declarations:		
Dec 10	Dec 30	Jan 14
Last Dealings:		
Dec 11	Dec 31	Jan 15
Account Day:		
Dec 21	Jan 11	Jan 25

*New time dealings may take place from 8.30am two business days earlier.

Mixed views on BA news

THE announcement by British Airways that it had pulled out of its plan to take a $750m stake in USAir was expected and the share price shrugged off the news. Traders attributed a net rise of 5 to 307p to the seasonal market, commenting that, at any other time the shares would have fallen.

Smith New Court, which on Monday hardened its cautious stance on BA, believes the shares are overvalued. The house suggested that termination of the US deal should have prompted a 20p slide in the stock. Smith said that in terms of BA's drive to be a global player, the planned link-up with USAir was more important than last week's deal with Qantas.

However, County NatWest feels that following the recent agreements with Qantas, TAT and DanAir, the proposed deal with USAir might have imposed a heavy financial burden on BA, perhaps prompting a rights issue.

Redland strong

Building materials group Redland spearheaded a general burst of outperformance of the market by some of the leading building issues, with the stock closing 34, or 8.7 per cent, higher at 424p. The Footsie rose 1.2 per cent. Turnover in the shares reached a higher than usual 3.8m shares.

Dealers said the stock was up and running from the outset, with a number of leading brokers adopting the view that it had underperformed for far too long, reflecting widespread concern about the apparent downturn in the German economy.

Worries about the security of the final dividend, expected next spring, were overdone, they said, adding that the group's German business, trading under the Braas name, had performed better than expected during the past couple of months.

Holiday wars

The two leading quoted air-tour operators in the UK, Airtours and Owners Abroad, lost ground after news that Thomson Holidays, market leader of the package holiday business, had fired the first shots in the 1993 package holidays war.

But many leisure analysts adopted a relaxed view of the move by Thomson, pointing out that the Christmas period is traditionally the starting point for special offers from the holiday companies and that the Christmas period sees the tour companies issue the second editions of their summer holiday brochures.

Nevertheless, there was marginal disappointment around the market at the price war news, given the bullishness of leisure analysts over the recent deal between Owners Abroad and the German group LTU.

Some analysts remained highly bullish of the sector. "We still view the holiday sector as undervalued," said Mr Bruce Jones at Smith New Court. Owners declined to 82½p before closing a net 2 off at 85p, while Airtours closed the same amount down at 275p, having dipped to 270p.

Confusion over current year profits forecasts from some brokers and heavy turnover in the market at the outset of trading caused a sharp early retreat in Ladbroke shares. They later rallied to close a net 5 easier at 184p. Turnover of 23m was swollen by tax-related bed and breakfast trades totalling 18.5m shares.

Auctioneer Christies International was bid up 11 to 145p on news that the commission charged to buyers at a number of its branches is to be raised by 5 per cent to 15 per cent from March 1.

Conglomerate Hanson saw unusually heavy turnover of 15m shares as a two-way pull on the stock left it only 1½ firmer at 229½p.

British Aerospace turnover was also particularly heavy, at 9.9m shares, and the stock was one of the few casualties in a healthy market as profit-takers moved in. The shares weakened 8 to 169p.

Financial Times owner Pearson relinquished 9 to 390p following a recent good performance as Prudential announced that it had reduced its stake.

The shift from defensive stocks gathered momentum yesterday as most pharmaceutical shares showed early weakness. Only Wellcome, however, remained down on the day, closing 20 off at 978p.

Analysts mentioned speculation in the US of a new drug from a rival company to be used with Wellcome's anti-Aids product. There was also a follow-through from weekend criticism by the American Academy of Pediatrics, which said the drug Zovirax should not be routinely recommended for treatment of chicken pox in healthy children.

Glaxo Holdings and SmithKline Beecham were off in early trading but recovered later. Glaxo was held back initially by a profits downgrade from BZW. Analyst Mr Jonathan de Pass cut his 1993 forecast by £30m to £1.65bn, saying that the company's cash mountain would be hit by currency shifts and new products were not coming through as fast as expected. The shares were down 11 at one stage but finished 2 better on the day at 781p.

SmithKline was marginally easier at first. Then, news that the company had reached agreement for the sale of a portfolio of its men's personal care products in the US, Puerto Rico and Canada helped sentiment and the shares closed 11 stronger on balance at 525p.

The heaviest turnover (10m shares) in the banks sector was in HSBC London-registered stock, which edged up 4 to 472p. Barclays (4.6m) moved ahead 10 to 384p in spite of BZW increasing its forecast of losses for the current year to around £110m.

Standard Chartered shares raced higher, closing 24 stronger at 568p on good turnover of 2.5m after the bank said it had sold almost all of its Hong Kong headquarters for £74m. The infusion of funds would give a significant boost to the bank's tier one and tier two capital ratios, specialists said.

Merchant banks raced ahead, with the recent surge in stock market indices and activity triggering thoughts among the institutions of a new year rush of takeover bids and rights issues, all of which are seen as hugely profitable.

Merchant banks with marketmaking arms perceived as having performed exceptionally well during the recent burst of buying in London's equity market were in the forefront.

Kleinwort Benson forged ahead 16 to 319p on unusually good turnover of 500,000 shares, while S.G. Warburg appreciated 20 to 544p in relatively thin trading.

FINANCIAL TIMES EQUITY INDICES

	Dec 22	Dec 21	Dec 18	Dec 17	Dec 16	Year ago	High	Low
Ordinary share	2184.5	2159.7	2147.6	2092.5	2081.6	1813.0	2184.5	1670.0
Ord. div. yield	4.28	4.33	4.36	4.44	4.46	5.08	5.34	4.24
Earning yld % full	5.87	5.93	5.97	6.09	6.10	7.63	-	-
P/E ratio net	21.74	21.54	21.41	20.99	20.92	16.45	21.74	15.79
P/E ratio nil	20.05	19.89	19.76	19.38	19.32	15.53	-	-
Gold Mines	64.9	65.5	65.5	65.4	64.0	143.9	160.6	63.0

*for 1992 Ordinary share index since compilation. high 2184.5 22/12/92 - low 49.4 26/6/40
Gold Mines index since compilation high. 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35. Gold Mines 12/9/55

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2159.8	2167.3	2165.6	2162.5	2169.5	2175.1	2177.4	2181.9	2188.9	2189.5	2157.6

Volume	Dec 22	Dec 21	Dec 18	Dec 17	Dec 16	Year ago
SEAQ Bargains	31,402	30,399	31,492	25,334	22,716	11,101
Equity Turnover(£m)†	-	1464.1	1603.1	1488.7	1247.6	507.60
Equity Bargains†	-	34,201	34,908	29,064	26,013	11,822
Shares traded (mil)†	-	737.6	770.7	692.6	625.3	377.6

† Excluding intra-market business and overseas turnover

London report and latest Share Index
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NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (286).
OTHER FIXED INTEREST (1) Met. Water 3pc B. AMERICANS (20) BANKS (5) Abbey Natl., Lloyds, Mitsubishi, NatWest, Sumitomo. BREWERS (3) Bass, Scot & Newcastle. [illegible] LIFE (9) Britannic, Legal & Gen, Lincoln Natl., Prudential, Refuge, Torchmark, Transatlantic, Do 6pc Pf., Utd. Friendly. INV TRUSTS (67) MEDIA (14) Carlton Comms., Central ITV, Daily Mail, EMAP, Johnston Press, Metal Bulletin, Reed, Reuters, TVS Ent. Do 7.4pc Pf. '08, Taylor Nelson, Telegraph, Trinity, Utd News. MERCHANT BANKS (1) Rea Bros. METAL & METAL FORMING (1) Johnson Matthey. MISC (8) Airsprung Furn, BAT Inds., Birkby, Danka, Faber Prest, LGW, Uncal, Rothmans. MOTORS (4) Bletchley, Lex Service, T & N, Trinity. OIL & GAS (4) Burmah, Exxon, Pict, Pittencrieff. OTHER FINCL (9) Caledonia Invesco MIM, Do 9pc '95-00, Lon Scottish, Prov. Financial, Rutland, S & U, Tyndall Australia, Do Options. OTHER INDL MATERIALS (11) BTR, Do Wts., Do Wts '92-93, Do Wts '94-95, Do Wts '95-96, Charter Cons, Cookson, McKechnie, Scapa, Staveley, Williams 6p Pf. PCKG PAPER & PRINTING (9) API, Bemrose, Bowater, Do 7¾pc Pf., Boxmore, Bunzl, Ferguson, Macfarlane, Microgen. PROP (1) Lon Merchant 7¾pc Cv. '00-05. STORES (13) Asprey, Boots, Country Casuals, Fine Art, GUS A, Hughes (J), Kleen-E-Ze, Moss Bros., Next, OS, Smith (WH), Storehouse, Tie Rack. TELEPHONE NETWORKS (4) Cable & Wireless, Do 7pc Cv. '08, Nth. Telecom, Vodafone. TEXTILES (4) Claremont Grmts, Leeds, Shaw, Toray. TRANSPORT (8) BAA, Cons. Freightways, Dawsongroup, Forth Ports, Mersey Docks, NFC, Powell Duffryn, Tibbett & Britten. WATER (1) Northumbrian. PLANTATIONS (1) Golden Hope. MINES (1) RTZ.
NEW LOWS (16).
BLDG MATERIALS (1) Chieftain. CONTRACTING & CONSTRCN (1) CRP Leis. ENG GEN (1) Platon. INV TRUSTS (1) Japanese Wrt. Fd., MEDIA (1) Home Counties. MISC (2) Erskine House, Spandex. OIL & GAS (1) Edinburgh. PROP (2) Derwent Valley, High-Point. STORES (2) Oliver, Pentos. TEXTILES (1) Victoria Crpt. MINES (3) Blyvoor, Deelkraal, Niugini.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
AGT	13	478	+3	Comm Union	1,300	636	+16	Lonrho	2,900	77½	+2½
ASDA Group	35,000	59	-½	Cookson	1,400	200	+8	Lucas	1,000	131	
Abbey National	3,200	387	-8	Courtaulds	765	591	+2	MB Caradon	884	304	+14
Albert Fisher	2,400	60	-1	Dalgety	618	478	+2	MEPC	816	329	+4
Allied-Lyons	3,600	561	-11	De La Rue	942	667	-5	Manweb	301	478	+3
Amstrad	172	23		Dixons	1,500	269	-4	Marks & Spencer	11,000	328	+7
Anglian Water	441	483	4	Eastern Elect.	407	407	+4	Midlands Elect.	299	457	+3
Argos	1,200	288	-3	East Midland Elect	750	408	-3	NFC	2,300	290	+6
Argyll Group	7,100	432	-8	Eng China Clays	3,100	427	+8	NatWest Bank	8,700	421	+9
Arjo Wiggins	962	152	-3	Enterprise Oil	500	442	+2	National Power	1,300	274½	+1½
Ass Brit Foods	101	456	-10	Eurotunnel Units	243	323	-7	Next	3,200	148	+2½
Ass Brit Ports	326	373	+11	FKI	3,900	112	+2	North West Water	1,800	474	-1
BAA	2,400	915	+20	Fisons	2,900	231	+6	Northern Elect.	414	470	+8
BAT Inds	2,300	1009	+15	Forte	13,000	183	-3	Northern Foods	1,000	277	+4
BET	5,800	93	-1	Gen Accident	1,800	560	+3	Norweb	198	475	+5
BICC	1,100	325	-3	General Elect.	6,300	286	+1½	Pearson	2,700	390	-9
BOC	908	764	-4	Glaxo	4,700	781	-2	P & O	2,200	516	+5
BP	9,800	234½	+5½	Glynwed Intl	770	280	+3	Pilkington	2,600	100	-1
BPB Inds.	378	191		Granada	3,600	353	+12	PowerGen	2,000	273	+1
BT	8,300	385½	+5½	Grand Met	2,500	461	-2	Prudential	4,700	305	+8
BT New	3,100	291	+5½	GUS A	461	1717	+29	RHM	53	298	+11
BTR	4,200	551	+13	GRE	1,900	182		RMC	1,500	567	+27
Bank of Scotland	1,100	127	+1	GKN	639	439	+3	RTZ	2,100	673	+2
Barclays	1,800	383	+9	Guinness	1,200	612	-1	Racal	3,000	158	+1
Bass	1,500	653	+13	HSBC (75p shs)	11,000	474	+6	Rank Org.	1,600	686	+9
Beneford Int	2,300	21		Hammerson 'A'	135	261	-10	Reckitt & Colman	1,000	605	+7
Blue Circle	2,100	205	+5	Hanson	15,000	229½	+1½	Redland	4,400	424	+34
Booker	701	374	+2	Hanson Warrants	1,100	18½	+½	Reed Intl	899	653	+4
Boots	2,300	549	+16	Harrisons Crosfield	1,300	156	+2	Rentokil	833	206	+1
Bowater	1,400	502	+3	Hillsdown	14,000	133	-4	Reuters	2,100	1413	+20
Brit. Aerospace	9,900	169	-8	IMI	982	256		Rolls Royce	4,100	117	-1½
British Airways	5,900	307	+5	ICI	1,300	1035	+10	Rothmans	879	882	+3
British Gas	3,300	285	+4½	Inchcape	1,100	567	+6	Ryl Bk Scotland	5,800	209	+1
British Land	5,400	186	+5	Kingfisher	2,100	578	-7	Royal Insurance	2,400	285	-3
British Steel	3,600	58	-1	Kwik Save	573	627	+16	Saatchi	2,200	152	+1
Bunzl	1,400	122		Ladbroke	23,000	184	-5	Sainsbury	2,800	580	+14
Burmah Castrol	822	735	+9	Land Securities	983	450	+5	Scottish & New	424	480	+11
Burton	8,500	68		Laporte	342	658	+11	Scot Hydro-Elect.	542	257½	+½
Cable & Wire	2,600	702	+5	Legal & General	582	431	-2	Scottish Power	799	240	+1
Cadbury Schweppes	3,200	460	+9	Lloyds Abbey	1,000	430	+14	Sears	3,800	101	+1
Calor Group	139	329	+1	Lloyds Bank	3,100	530	+15	Sedgwick	2,300	175	-1
Carlton Comms	399	767	-13	LASMO	8,900	154	+3	Seeboard	567	456	+4
Coats Viyella	4,200	227	+3	London Elect.	1,200	425	-1	Severn Trent Water	1,200	487	+1

	Volume 000's	Closing Price	Day's change
Shell Transport	4,800	545	-2
Siebe	2,100	444	+14
Slough Ests	2,300	152	+1
Smith (W.H.) A	575	523	+11
Smith & Nephew	5,300	168½	-½
SmKl Beecham	1,500	525	+11
SmKl Beecham Uts.	1,600	462	+4
Smiths Inds.	842	360	-2
Southern Elect.	1,700	427	+1
South Wales Elect.	322	498	+8
South West Water	218	465	-6
[illegible]	[illegible]	[illegible]	[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100 2842.0 +34.3

FT-SE MID 250 2845.4 +28.0

FT-A ALL-SHARE 1359.55 +15.86

	Dec 22	Dec 21	Dec 18	Dec 17	Dec 16	Year ago	1992 High	1992 Low	Since compilation High	Since compilation Low
FT-SE 100	2842.0	2807.7	2789.7	2740.3	2732.8	2384.4	2842.0	2281.0	2842.0 22/12/92	986.9 23/7/84
FT-SE Mid 250	2845.4	2817.4	2783.6	2728.8	2698.8	2307.1	2845.4	2157.8	2845.4 22/12/92	1379.4 21/1/86
FT-SE-A 350	1385.1	1369.0	1358.7	1334.0	1328.1	1153.8	1385.1	1103.1	1385.1 22/12/92	664.5 14/1/86

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2807.4	2820.5	2816.9	2814.2	2823.3	2826.5	2827.8	2833.3	2843.6	2845.6	2805.4
FT-SE Mid 250	2818.1	2826.3	2827.2	2825.3	2830.1	2834.3	2836.1	2839.0	2845.5	2845.7	2817.9
FT-SE-A 350	1369.0	1374.9	1373.6	1372.3	1376.3	1378.0	1378.7	1381.1	1385.7	1386.4	1369.2

Gross dividend yield (ACT at 25%) FT-SE 100:4.27%

FT-Actuaries All-Share

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tuesday December 22 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Mon Dec 21 Index No.	Fri Dec 18 Index No.	Thu Dec 17 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (175)	872.68	+1.6	6.43	4.91	20.25	31.00	859.22	847.27	829.98	717.24
2 Building Materials (23)	897.23	+2.7	5.67	6.02	25.16	40.39	873.50	865.76	837.27	[illegible]
3 Contracting, Construction (26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (9)	2452.12	+0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics (28)	2362.19	+2.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Engineering-Aerospace (6)	297.04	-1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Engineering-General (43)	508.44	+1.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (7)	326.10	+0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (15)	367.51	+0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrials (18)	1994.48	+1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (191)	1771.19	+1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (25)	2105.25	+0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (18)	1337.27	+0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (18)	3409.33	+2.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household (26)	4282.37	+0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Hotels and Leisure (18)	1264.93	+1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
30 Media (25)	1839.17	+0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 Packaging, Paper & Printing (17)	792.09	-0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (33)	1160.79	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (11)	748.17	+1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40 OTHER GROUPS (116)	1435.39	+1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Business Services (17)	1531.06	+0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (22)	1415.81	+1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Conglomerates (10)	1382.29	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Transport (14)	2820.55	+1.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Electricity (16)	1529.32	+0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Telephone Networks (4)	1665.05	+1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47 Water (11)	3235.42	-0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48 Miscellaneous (22)	2533.67	+1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (482)	1440.57	+1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oil & Gas (18)	2179.06	+1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX (500)	1512.01	+1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (82)	879.70	+1.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (9)	1187.26	+2.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (6)	1801.17	+0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	655.66	+0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Brokers) (10)	787.54	+0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (6)	491.85	+3.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (30)	553.92	+0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (14)	299.11	+1.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (69)	1328.95	+1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (651)	1359.55	+1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Construction	1426.9	1433.5	1430.0	1429.7	1433.9	1436.3	1439.5	1440.5	1441.7	1442.1	1427.4	+14.7
Health&H	1286.2	1286.2	1283.1	1284.9	1285.9	1285.8	1288.9	1291.4	1295.5	1295.0	1290.5	+4.5
Water	1343.9	1346.2	1348.1	1342.6	1343.1	1342.1	1342.2	1342.2	1337.8	1337.8	1345.3	-7.5
Banks	1415.7	1421.5	1419.9	1421.1	1425.8	1427.6	1429.2	1432.5	1443.7	1442.4	1413.4	+29.0

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. [illegible] The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries [illegible] "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.

LONDON SHARE SERVICE

BRITISH FUNDS

[illegible]

BRITISH FUNDS - Cont.

[illegible]

OTHER FIXED INTEREST

[illegible]

Continued on Page 20

What use is our experience in a system that no longer exists?

It's of very considerable use indeed. Because systems may change but countries and their people remain basically the same.

Ask the bank that has an especially large store of experience in Eastern Europe.

Twenty years have passed since Dresdner Bank was the first German bank to open a representative office in the former Soviet Union. This long experience with both the new and old Russia, as well as with its people and institutions, is now more and more clearly demonstrating its value. The latest proof is a new and rather unusual book we've just published.

After months of research and friendly cooperation between DOWC Ost-West-Consult, a Dresdner Bank subsidiary, and the City of St. Petersburg, we are pleased to make available a report that gives a close-up, behind-the-scenes look into the former clandestine Russian defense and marine research laboratories in the area of St. Petersburg.

Even now, the technological potential available there is virtually unimaginable – and waiting to be discovered by you.

As the military research sector, with its at times surprisingly high technological level, begins its conversion from military to civilian production, it is setting out in new directions – directions which, of course, also include cooperation with western enterprises.

We have gathered together and structured an abundance of information, facts and contacts and published it within the covers of a single reference work that you can order right now.

In its more than 400 pages, this work lists 185 leading enterprises, construction offices and research institutes and provides a summary of their first steps in new civilian directions. Also included are a total of 430 concrete cooperation proposals and available services.

This reference manual will be interesting not only for anyone on the lookout for attractive processes, materials, components and systems. It is also specifically designed for those who feel the time is ripe for securing a strong foothold in the future-oriented Russian market and who are looking to local partners for assistance in marketing, service or manufacturing. Or for anyone interested in carrying out development and testing functions in one of St. Peterburg's – in some cases very well equipped – R&D laboratories. Or simply for those who want to benefit from the low Russian labor costs.

So if we've convinced you that our experience in Eastern Europe could be useful for you, we're prepared to share it.

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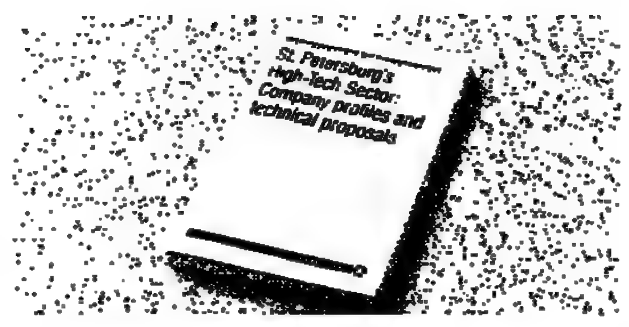

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Dresdner Bank

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or –	1992 high	1992 low	Mkt Cap£m	Yld Gr's
Abbott Labs		21¼xd	+⅛	21¼	14⅝	17,784	1.8
Allegheny & W.		433p	—	454p	228p	225.0	4.4
Amdahl		448p	–1	1159p	430p	500.9	1.4
Amer Cyanamid		37⅞	+1⅛	38½	23⅞	3,403	2.6
Amer Express		15⅞xd	+⅛	15⅞	10⅝	7,988	4.0
Amer T & T		32⅞xd	+⅛	32⅞	20⅞	43,085	2.6
Ameritech		46⅞	+1	46⅞	32½	20,522	4.9
BankAmerica		30⅛xd	+⅛	30⅞	18⅞	10,481	2.7
Bankers NY		43⅛xd	+⅞	44	33⅞	3,471	4.1
Bell Atlantic		34⅛	+1⅛	34⅞	23⅞	14,840	4.8
BellSouth		34⅞	+⅞	34⅞	23	16,988	5.1
Bethlehem Steel		9⅞xd	+⅛	10⅛	5⅛	898.9	–
Bowater		1807pxd	+10	1837p	965p	582.3	4.7
CPC		30⅛xd	+⅛	33	22⅞	4,838	2.5
Cadiz Land Inc		115p	—	342p	108p	–	–
California Engy		1050p	—	1050p	591p	191.2	–
Chase Manhattan		17⅛xd	+⅛	18⅛	9⅛	2,594	4.4
Chrysler		20⅞xd	—	21⅛	8⅛	6,639	1.8
Citicorp		12⅛xd	+⅛	12⅞	5⅞	4,882	–
Colgate-Palm		36⅛xd	+⅛	43⅛	25⅛	5,888	2.1
Cont'l Bank		1338p	+77	1338p	498p	1,352	2.8
Dana		30⅞xd	+⅛	30⅞	14⅞	1,387	3.3
Data General		771p	+4	1004p	384p	212.7	–
Decora Inds		146p	—	148p	85p	–	–
Dun & Brad		37⅞	+⅞	38⅞	27⅞	6,713	3.9
Eaton		51⅞	+1⅛	51⅞	32½	1,773	2.7
Echlin		14⅞xd	+⅛	14⅞	7⅛	852.5	3.0
FPL		22⅞xd	+⅛	23⅛	17⅞	4,292	6.6
Fluor		25⅛xd	+⅛	30⅞	19⅛	2,144	1.1
Ford Motor		28⅞xd	+⅞	27⅞	15	12,858	2.4
Gen Elect		55⅛xd	+⅞	56⅛	38⅞	48,082	2.8
General Host		585p	—	611p	360p	–	3.9
Gillette		38⅛xd	+⅛	40	23⅞	8,383	1.2
Hasbro		20⅞	—	23½	12⅞	1,812	0.8
Honeywell		22⅞	—	22⅞	18	3,046	2.5
Houston Inds		29⅞	+⅞	29⅞	22	3,989	6.3
IBM		32½	+1	64½	31⅞	18,548	9.4
Ingersoll-Rand		19⅛xd	–⅛	21	12⅞	2,017	2.3
Lockheed		36¼	+1⅛	36⅞	22⅞	2,224	3.7
Lowe's		1615p	+10	1615p	815½p	1,178	1.1

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

INVESTMENT COMPANIES

Net asset values supplied by County NatWest Wood Mackenzie as a guide only. See guide to London Share Service.

MEDIA

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

MOTORS

PACKAGING, PAPER & PRINTING

OIL & GAS

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and surpluses ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

□ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
● "Tap Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
◆ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ Free annual/interim report available, see details below.
☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†† Not officially UK listed; dealings permitted under Rule 535(2)
¶ Price at time of suspension
¶ Indicated dividend yield after pending scrip and/or rights issue.
§ Merger bid or reorganisation in progress
§ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
◆ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

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FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's

AIB Unit Trust Managers Limited (1000)F
51 Belmont Rd Uxbridge, Middx UB8 1RZ 0895 259783

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA 041-332 3132

Confederation Funds Mngt Ltd (1200)F
Lytton Way, Stevenage, Herts SG1 2NN 0438 744840

Gartmore Fund Managers (1200)F
Gartmore House, 16-18 Monument Street, London EC3R 8AJ 071-782 2000
Dealings only 0277-264421
Investor Services. Freephone 0800-289 336

INVESCO MIM UT Mngrs Ltd -Contd.

MGM Unit Managers Ltd (1000)F
MGM House, Heene Rd, Worthing
Dealing: 0277 261010

N&P Unit Trust Management Ltd (1200)F
35 Fountain St, Manchester M2 2AF 061 237 5322

National Provident Inv Mgrs Ltd (1400)H
48 Gracechurch St, EC3P 3HH 071-623 4200

Rothschild Fund Management (1800)F
St Swithin's Lane, London EC4

Guide to pricing of Authorised Unit Trusts
Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The minimum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Grs
Sharp (Albert E) & Co (1000)F						
Admin: 5, Rayleigh Rd Hutton, Brentwood Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
Intl Bond & Curr	5	117.80	118.20	124.40	+0.20	5.56
Rapid Progress	7	139.3	143.8	153.8	-	-
Smaller Cos	5	54.19	55.58	58.93	+0.87	2.48
UK Growth	5	114.10	115.70	121.80	+1.00	2.83
Sheppards Unit Trust Mngmt Ltd (1200)F						
1 White Hart Yard, London Bridge SE1 071 407 5966						
Income	5	373.73	373.73	396.25	+1.88	5.21
Global Inc	5	52.95	52.95	56.13	+0.48	4.33
Brit Leaders	5	313.49	313.49	332.30	+5.35	3.08
Intl Leaders	5	168.40	168.40	178.50	+8.11	1.84
Singer & Friedlander UT Mngmt Ltd (1000)F						
PO Box 224, Beckenham, BR3 4TF 081-663 3003						
European Trust	6	47.19	47.19	50.20	+0.37	1.67
Far Eastern Tst	6	50.56	51.23	54.50		0.91
Smaller Cos	5	120.9	125.6	133.6	+0.9	2.60
Smith & Williamson Unit Tst Mgrs (1600)F						
1 Riding House St, London W1A 3AS 071-637 5377						
S & W American	5	263.5	264.1	279.4	+5.0	0.94
S & W Capital	5	108.6	108.6	116.1	+1.2	2.00
S & W Cash	0	101.64	101.64	101.64	+0.04	6.62
S & W European	5	104.8	104.9	111.0	+1.6	1.17
S & W Far Eastern	5	105.9	107.0	113.1	+0.8	0.00
S & W Growth	5	116.5	117.7	124.5	+1.5	
S & W Income	5	101.8	103.1	109.1	+0.6	5.58
S & W Managed	5	114.5	114.5	122.6	+1.2	1.90
S & W Smllr Secs	5	260.1	265.7	283.1	+2.6	0.78
S & W Thoroughbred	5	132.2	132.2	141.6	+1.5	1.79
Societe Generale Touche Remnant (1600)F						
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-248 1250						
4 Hourly Pricing - 12 Noon Historic						
American Gwth		76.67	76.67	82.00	+1.51	0
Eur Sp Sits Acc		40.89	40.89	43.43	+0.51	0
Eur Sp Sits Inc		38.62	38.62	41.02	+0.48	0
Far East Opps Inc		25.28	25.28	27.25		0
Far East Opps Acc		25.93	25.93	28.00		0
General Growth		94.46	94.46	101.30	+1.52	2.52
General Growth Acc		96.03	96.03	103.20	+1.60	2.51

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Grs
Whittingdale Unit Tst Mngmt Ltd (0830)F						
2 Honey Lane, London EC2V 8BT 071-600 0662						
Challenger		94.26	94.26			0.00
Short Dtd Gilt		106.4	106.4	107.8		5.57
Gilt Income		50.46	50.46	52.49		
Gilt Growth		62.60	62.60	65.15		0.00
City Reserve	0	55.37	55.37	55.38		
Woolwich Unit Trust Managers Ltd (1700)H						
1 White Oak Square, Swanley BR8 7AE 0705 388046						
Stockmarket Fd F		64.46	64.71	68.83		2.25

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Grs
Baillie Gifford & Co Ltd				
Int'l Expt Dec 16	627.6	647.51		1.07
Baring Investment Mngmt Ltd				
155 Bishopsgate, London EC2M 3XY				
071 214 1050 (general enquiries) 071 214 1004 (dealing)				
Charitable Funds				
UK Growth & Income	50.93	52.66	+0.27	4.8
Income Plus	48.44	49.41		7.5
James Capel Fund Managers Ltd				
Managed Exempt	125.98	133.09	+1.65	4.05
Cent. Bd. of Fin. of Church of England				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Inv Fund Nov 30	559.95	565.60		5.27
Fxd Int Sec Nov 30	149.10	149.85		
Deposit Fund: See Money Market Trust Funds				
Charinco/Charishare (1000)F				
33 King William Street, EC4R 9AS 071-280 2800				
Charinco Inc	172.5	174.3	+0.40	9.41
Charinco Acc	1020	1022	+2.00	9.41
Charishare Inc	183.6	187.9	+2.10	4.26

INSURANCES

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

Prolific Life & Pensions Ltd
Stramongate Kendal Cumbria LA9 4UE 0539 733733
Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Balanced Gwth Mngd	635.0	675.6	+8.7	-
Adventurous Mngd	151.6	161.3	+1.8	-
Cautious Mngd	121.5	129.3	+0.5	-
Cash Fd	315.2	332.-	..	-
Property Fund	215.7	229.5	..	-
Equity Fund	722.4	768.6	+6.8	-
Fxd Int Fund	395.0	420.3	+0.1	-
International	321.0	341.5	+2.6	-
High Income	565.6	601.8	+6.8	-
Far East	416.9	443.6	+4.7	-
North American	429.6	457.1	+4.1	-
Special Sits	516.7	549.7	+4.7	-
Technology	427.8	455.2	+4.9	-
Extra Inc Fd	310.2	330.0	+2.9	-
Convertible & Gilt Fd	146.9	156.3	+0.2	-
American Income	169.4	180.3	+1.4	-
Gilt Fund 20	435.2	463.0	-0.2	-
European Fund	115.8	123.2	+1.6	-
Pref & Fixed Int	109.4	116.4	+0.1	-
UK Blue Chip	117.2	123.5	+1.1	-
Recovery Fund	108.7	114.6	+1.0	-
Equity Income Dist	102.6	109.2	-0.2	4.98
Managed Dist	97.2	103.5	+0.1	5.30
High Yield Dist	100.4	105.9	+0.1	7.57
Pension Funds				
Balncd Gth Mngd Pens Acc	738.4	777.3	+7.0	-
Adventurous Mngd Pens Acc	158.5	166.9	+2.0	-
Cautious Mngd Pens Acc	140.3	147.7	+0.8	-
Building Soc. Acc	362.8	381.9	..	-
Property Pens. Acc	294.0	309.5	..	-
Fix. Int. Pens. Acc	623.1	655.9	+0.6	-
Equity Pens. Acc	925.3	974.1	+10.7	-
International Pens Acc	296.6	312.3	+2.7	-
High Inc Pens Acc	639.9	673.6	+7.5	-
Tech Pens Acc	304.0	320.1	+4.6	-
N American Pens Acc	324.2	341.3	+3.3	-
Far Eastern Pens Acc	411.5	433.2	+5.0	-
Special Sits Pens Acc	424.5	436.9	+3.6	-
Extra Income Pens Fd	381.1	401.2	+4.2	-
Convertible & Gilt Pen	178.9	188.4	+2.2	-
American Inc Pens	194.7	205.0	+0.3	-
European Pens	127.9	131.7	[illegible]	-

Reliance Mutual
Reliance House, Tonbridge Wells Kent 0892 510033

	Bid Price	Offer Price	+ or -	Yield Gross
Deposit Acc Fd	167.6	176.4	+0.1	-
Equity Acc Fd	395.7	416.5	+2.4	-
Managed Acc Fd	342.5	360.6	-	-
Prop Fd (1st Issue)	-	414.1	-	-
Prop Acc Fd (2nd Iss)	119.6	125.9	-	-
Unit Trust Mn Fd	150.5	158.4	-	-
Rl. Pension Funds				
Deposit Acc	243.0	256.8	+0.1	-
Equity Acc	293.0	308.4	+2.1	-
Fixed Int Acc	243.6	256.4		-
Gilt Indx Lnk Acc	181.2	190.8	..	-
Managed Acc	374.7	394.5	..	-

J Rothschild Assurance PLC
J Rothschild House, Dollar Street, Cirencester
Telephone 0285 640302 Helpline 041 307 6500

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
JRA/M&G Managed	111.1	117.0	+1.0	-
JRA/Scot Amicable Mngd	107.7	113.4	+0.2	-
JRA/St James's Place Mngd	113.4	119.4	+0.8	-
Deposit	100.0	105.3	+0.1	-
Far East	108.2	113.9	+0.1	-
Gilts	104.5	110.1	-0.1	-
Greater European	107.7	113.4	+1.2	-
North American	126.7	133.4	+1.5	-
UK Equity	112.1	118.0	+0.3	-
Pension Funds				
JRA/M&G Managed cap	109.0	114.8	+0.8	-
JRA/M&G Managed acc	112.5	118.5	+1.0	-
JRA/Scot Amicable Mngd cap	104.9	110.5	..	-
JRA/Scot Amicable Mngd acc	108.3	114.0	..	-
JRA/St James's Pl Mngd cap	115.9	122.0	+1.2	-
JRA/St James's Pl Mngd acc	119.6	125.9	+1.3	-
Deposit cap	99.9	105.2	..	-
Deposit acc	103.1	108.6	+0.1	-
Far East cap	103.7	109.2	+0.2	-
Far East acc	107.1	112.8	+0.3	-
Gilts cap	102.4	107.8	-0.1	-

Scottish Mutual Assurance plc
109 St Vincent St, Glasgow

Scottish Provident Institution
6 St Andrews Sq, Edinburgh

MANAGEMENT SERVICES

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

هكذا من الأصل

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are ... calls call (071) 925 2128.

هكذا اصحاب الاحمال

	Bid Price	Offer Price	+ or -	Yield Gross
IBI Global Funds Limited				
Intl Stlg Gwth	£20.05	21.12		
Intl $US Gwth	$17.85	18.89		
High Income Gilt	£25.88	26.85		
International Equity	£20.35	21.43		
International Bond	£22.48	23.27		
Managed Currency	£27.51	27.79		
Sterling Currency	£26.50	[illegible]		
US$ Currency	$37.77	38.16		
Irish £ Currency	I£15.23	15.40		
R & H Fund Managers Ltd				
LFM Sterling Fd	£11.05	11.32		
R.F. Offshore Inc Fd Ltd	£11.42	12.09		
Target International (Isle of Man) Ltd				
IMC Offshore Fd	£9.07	9.80		
[illegible]	£9.00	9.36		

JERSEY (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Fund Managers (CI) Ltd						
PO Box 468 St Helier Jersey 0534 36633						
AIB Currency Funds Ltd						
Intl Managed Bond	5		I£-21.8621	21.8557		
Managed Capital Bd	5		I£-21.2359	21.2576		
AIB Gartland Currency Fund Limited						
Stlg Mngd Currency	5		£-	10.9830		
Sterling Currency Fd	5		£-	10.5636		
Ecu Currency	5		Ecu-	10.7128		
US Dollar Mngd Curr	5		$-	21.5547		
Barclays International Funds						
PO Box 152, St Helier, Jersey CI 0534 67888						
Australian Eq (Inc)	5¼	$0.881	0.88b	0.948	[illegible]	0.7
Global Income (Inc)	5¼	$0.501	0.501	0.536		3.0
Global Resources	5¼	$0.405	0.405	0.436	[illegible]	0.5
Currency Funds						
Stlg Premium Income		£10.05		10.06	+0.01	6.6

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Schlesinger boosts dollar

THE DOLLAR rose by more than 1½ pfennigs against the D-Mark yesterday after comments from the Bundesbank President suggested that an easing in German monetary policy might come sooner than expected, *writes James Blitz.*

In a newspaper interview, Mr Helmut Schlesinger said that it was possible for long-term interest rates to decline to below 6 per cent, and that inflation might be down to 3 per cent by next year.

Dealers interpreted these comments as a totally unexpected piece of Christmas cheer from the otherwise rather conservative Mr Schlesinger. The dollar rose on the back of the news, to close at DM1.5865 from a previous close of DM1.5680.

In very thin trading, the French franc also made progress against the German currency for the first time in a week, momentarily rising above FFr3.41 to the D-Mark, before settling back to a close of FFr3.4110, more than half a centime up on the day.

Although the D-Mark was weaker against most currencies, a significant loser in yesterday's events was sterling. The pound lost more than 2½ cents against the stronger dollar, closing at $1.5390 from a previous close of $1.5645.

Dealers said that although Mr Schlesinger's comments had triggered thoughts of a possible cut in German interest rates, they were hedging themselves by selling sterling for dollars rather than the D-Mark. However, sterling was weak enough to lose against the D-Mark as well, falling 1 pfennig to close at DM2.4425.

Several analysts confessed that it was hard to see any new information contained in Mr Schlesinger's interview. Nobody in the markets doubts that interest rates will come down next year. And, although German inflation may rise a few more points, the forecast of 3 per cent inflation by the end of next year is not unusual, bearing in mind the German recession.

However, Mr Steve Hannah, head of research at IBJ International in London, said that the D-Mark's weakness was due to a creeping feeling in the market that governments can cut interest rates with impunity, without following what the Bundesbank is doing.

Italy, for example, yesterday cut its discount rate by 1 percentage point to 12 per cent from 13 per cent. But the lira actually gained strength against the D-Mark closing at L896.4

In recent days, the Canadian authorities have cut their key interest rates by 150 basis points, but the Canadian dollar has rallied and the Canadian central bank has had to sell its currency in markets.

Enthusiasts for lower interest rates in Germany were also cheered yesterday by the news of a full one percentage point fall in Germany's M3 money growth in November. Economists said that the dip reflected the unwinding of September's currency intervention by the Bundesbank.

£ IN NEW YORK

Dec.22	Latest	Previous Close
£ Spot	1.5360-1.5370	1.5560 1.5590
1 month	0.55-0.54pm	0.57 0.55pm
3 months	1.47-1.44pm	1.48 1.45pm
12 months	4.00-3.90pm	4.10 4.00pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec.22	Previous
8.30 am	80.1	80.3
9.00 am	80.1	80.3
10.00 am	80.0	80.3
11.00 am	79.8	80.3
Noon	79.8	80.3
1.00 pm	79.8	80.4
2.00 pm	79.7	80.3
3.00 pm	79.6	80.3
4.00 pm	79.6	80.3

CURRENCY RATES

Dec 22	Bank & rate %	Special ‡ Drawing Rights	European † Currency Unit
Sterling	-	0.891886	0.800605
U.S Dollar	3.00	1.39598	1.23773
Canadian $	7.70	1.76940	1.56289
Austrian Sch.	8.25	15.3767	13.7946
Belgian Franc	7.75	44.9331	40.2697
Danish Krone	9.50	8.43312	7.57061
D-Mark	8.25	2.18820	1.95773
Dutch Guilder	7.75	2.45776	2.20230
French Franc	10	7.46780	6.67696
Italian Lira	12.00	1965.62	1756.44
Japanese Yen	3.25	171.124	152.823
Norway Krone	-	9.39534	8.39865
Spanish Peseta	-	N/A	139.256
Swedish Krona	11.50	9.97554	8.61463
Swiss Franc	6.00	1.97182	1.76625
Greek Drach	19	N/A	260.076
Irish Punt	-	N/A	0.739609

& Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. ‡ All SDR rates are for Dec 21

CURRENCY MOVEMENTS

Dec 22	Bank of England Index	Morgan** Guaranty Changes %
Sterling	79.6	-29.8
U.S Dollar	65.3	-12.6
Canadian Dollar	95.4	-7.9
Austrian Schilling	114.7	+16.8
Belgian Franc	116.1	+2.0
Danish Krone	117.2	+11.4
D-Mark	125.4	+31.9
Swiss Franc	112.1	+20.9
Dutch Guilder	119.6	+21.1
French Franc	108.9	-7.8
Lira	85.3	-31.1
Yen	151.7	+87.4
Peseta	99.9	-34.0

Morgan Guaranty changes average 1980-1982=100 Bank of England Index (Base Average 1985=100) **Rates are for Dec 21

OTHER CURRENCIES

Dec 22	£	$
Argentina	1.5240 - 1.5270	0.9900 - 0.9910
Australia	2.2290 - 2.2310	1.4465 - 1.4475
Brazil	17877.5 - 17890.0	11620.0 - 11621.0
Finland	7.9130 - 8.0745	5.1550 - 5.1750
Greece	323.350 - 329.850	207.550 - 211.700
Hong Kong	11.8830 - 11.8995	7.7370 - 7.7380
Iran	2267.00*	1455.00*
Korea(Sth)	1222.75 - 1242.50	787.80 - 794.00
Kuwait	0.46200 - 0.46300	0.30000 - 0.30030
Luxembourg	50.10 - 50.20	32.55 - 32.65
Malaysia	3.9765 - 3.9880	2.5900 - 2.5920
Mexico	4804.70 - 4807.80	3124.00 - 3126.00
N.Zealand	2.9815 - 2.9860	1.9385 - 1.9415
Saudi Ar	5.7705 - 5.7840	3.7495 - 3.7505
Singapore	2.5105 - 2.5180	1.6350 - 1.6370
S.Af (Cm)	4.6285 - 4.6410	3.0150 - 3.0170
S.Af (Fn)	7.5100 - 7.5655	4.8830 - 4.9190
Taiwan	39.10 - 39.20	25.40 - 25.50
U.A.E.	5.6555 - 5.6705	3.6715 - 3.6735

*Floating rate. Iran Official rate £101.85 $66.30

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 22	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	182.194	176.798	-2.96	4.15	49
Spanish Peseta	143.386	139.256	-2.88	4.06	50
Belgian Franc	40.6304	40.2697	-0.89	1.97	38
Dutch Guilder	2.21958	2.20230	-0.78	1.85	33
D-Mark	1.96992	1.95773	-0.62	1.69	33
Irish Punt	0.735334	0.739609	0.58	0.48	-31
Danish Krone	7.51410	7.57061	0.75	0.31	-39
French Franc	6.60683	6.67696	1.06	0.00	-65

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Dec 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5340 - 1.5590	1.5385 - 1.5395	0.55-0.53cpm	4.21	1.47-1.44pm	3.78
Canada	1.9305 - 1.9760	1.9415 - 1.9425	0.04pm-0.02cpm	0.19	0.14-0.03pm	0.18
Netherlands	2.7400 - 2.7600	2.7400 - 2.7500	¼-¾cdis	-1.37	¼-1dis	-1.28
Belgium	50.10 - 50.50	50.10 - 50.20	5-10cdis	-1.79	14-21dis	-1.40
Denmark	9.4250 - 9.4700	9.4375 - 9.4475	10¼-15odis	-15.97	24¼-29¾dis	-11.38
Ireland	0.9300 - 0.9285	0.9200 - 0.9210	1.85-1.20cpm	19.88	3.20-2.50pm	12.38
Germany	2.4375 - 2.4550	2.4400 - 2.4450	¼-½pfdis	-1.54	¾-1dis	-1.54
Portugal	219.60 - 222.20	220.40 - 221.40	147-211cdis	-9.72	394-535dis	-8.41
Spain	173.30 - 174.45	173.35 - 173.65	114-132cdis	-8.51	328-370dis	-8.05
Italy	2179.50 - 2200.50	2188.75 - 2189.75	12-14liredis	-7.13	34-37dis	-6.49
Norway	10.4150 - 10.5400	10.4150 - 10.4250	4¼-6¾odis	-6.05	10⅞-13⅜dis	-4.70
France	8.3175 - 8.3800	8.3250 - 8.3350	3¼-4¼cdis	-5.49	9¼-10¼dis	-4.92
Sweden	10.7400 - 10.8225	10.7725 - 10.7825	2½-3⅝oredis	-3.41	6½-7¾dis	-2.55
Japan	189.25 - 191.90	189.50 - 190.50	¾-⅝ypm	4.34	1⅝-1½pm	2.63
Austria	17.16 - 17.25	17.16 - 17.19	1⅝-2⅛grodis	-1.31	4¼-6dis	-1.18
Switzerland	2.2000 - 2.2150	2.2025 - 2.2125	¼-⅛cpm	1.02	⅝-½pm	1.02
Ecu	1.2405 - 1.2565	1.2435 - 1.2445	0.42-0.47cdis	-4.29	1.10-1.25dis	-3.78

Commercial rates taken towards the end of London trading. Six-month forward dollar 2.58-2.53pm 12 Month 3.99-3.89pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Dec 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5340 - 1.5590	1.5385 - 1.5395	0.55-0.53cpm	4.21	1.47-1.44pm	3.78
Ireland†	1.6670 - 1.5945	1.6670 - 1.6680	3.25-2.25cpm	19.79	6.40-5.40pm	14.15
Canada	1.2605 - 1.2675	1.2625 - 1.2635	0.38-0.48cdis	-3.09	1.05-1.25dis	-3.64
Netherlands	1.7650 - 1.7375	1.7835 - 1.7845	0.83-0.86cdis	-5.68	2.20-2.26dis	-5.00
Belgium	32.30 - 32.70	32.55 - 32.65	14.00-18.00cdis	-5.89	39.00-44.00dis	-5.09
Denmark	6.0650 - 6.1375	6.1325 - 6.1375	5.00-10.00oredis	-14.67	14.50-21.50dis	-11.74
Germany	1.5655 - 1.5990	1.5860 - 1.5870	0.76-0.77pfdis	-5.79	2.12-2.14dis	-5.37
Portugal	141.20 - 143.60	143.30 - 143.40	153-160cdis	-13.1	440-460dis	-12.56
Spain	111.70 - 113.00	112.75 - 112.85	110-125cdis	-12.5	320-350dis	-11.88
Italy	1405.50 - 1422.75	1422.25 - 1422.75	12.50-13.50liredis	-10.97	35.50-37.50dis	-10.26
Norway	6.7250 - 6.6050	6.7675 - 6.7725	5.00-7.00oredis	-10.64	12.00-15.60dis	-8.15
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Dec 22	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
French Franc	10 - 9½	11 - 10½	12 - 11½	12 - 11½	11½ - 10¾	10 - 9¾
Italian Lira	13½ - 11½	13 - 12	13⅝ - 13⅛	13⅝ - 13⅛	13⅝ - 13⅛	13¼ - 12¾
Belgian Franc	9⅛ - 8⅞	8⅞ - 8⅝	9⅛ - 9	9 - 8⅞	8½ - 8⅜	7⅞ - 7⅝
Yen	3⅝ - 3½	3⅝ - 3½	3⅞ - 3⅝	3⅞ - 3¾	3⅝ - 3½	3⅝ - 3½
Danish Krone	18 - 13	25 - 15	25 - 18	18 - 13	14 - 11	12 - 10
Asian $Sing	5 - 4	1⅛ - 1⅛	1⅞ - 1⅞	2¼ - 2	2½ - 2⅜	2⅞ - 2⅞
Spanish Peseta	15¼ - 14½	15¼ - 14½	15¼ - 14¾	15¼ - 14¼	14¾ - 13¾	14½ - 13½
Portuguese Esc	17 - 16½	17 - 16½	17 - 16¼	16¾ - 15¾	16½ - 15½	15¼ - 14¾

Long term Eurodollars: two years 5-4⅞ per cent; three years 5½-5½ per cent; four years 6¼-6 per cent; five years 6½-6½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others two days' notice.

EXCHANGE CROSS RATES

Dec.22	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr	Pta.	Ecu
£	1	1.539	2.442	190.0	8.330	2.207	2.745	2189	1.942	50.15	173.5	1.244
$	0.650	1	1.587	123.5	5.413	1.434	1.784	1422	1.262	32.59	112.7	0.808
DM	0.410	0.630	1	77.81	3.411	0.904	1.124	896.4	0.795	20.54	71.05	0.509
YEN	5.263	8.100	12.85	1000	43.84	11.62	14.45	11521	10.22	263.9	913.2	6.547
F Fr.	1.200	1.848	2.932	228.1	10	2.649	3.295	2628	2.331	60.20	208.3	1.493
S Fr.	0.453	0.697	1.106	86.09	3.774	1	1.244	991.8	0.880	22.72	78.61	0.564
N Fl.	0.364	0.561	0.890	69.22	3.035	0.804	1	797.4	0.707	18.27	63.21	0.453
Lira	0.457	0.703	1.116	86.80	3.805	1.008	1.254	1000.	0.887	22.91	79.26	0.568
C$	0.515	0.792	1.257	97.84	4.289	1.136	1.413	1127	1	25.82	89.34	0.641
B Fr.	1.994	3.069	4.869	378.9	16.61	4.401	5.474	4365	3.872	100.	346.0	2.481
Pta	0.576	0.887	1.407	109.5	4.801	1.272	1.582	1262	1.119	28.90	100.	0.717
Ecu	0.804	1.237	1.963	152.7	6.696	1.774	2.207	1760	1.561	40.31	139.5	1

Yen per 1,000; French Fr per 10; Lira per 1,000; Belgian Fr per 100; Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls January	Calls March	Calls June	Puts January	Puts March	Puts June
110	1.93	2.32	-	-	0.45	0.75
111	0.95	1.59	-	0.06	0.76	-
112	0.24	1.03	1.77	-	1.14	1.43
113	0.02	0.68	-	-	-	-
114	0.01	0.33	0.89	-	-	-
Open Int	18,826	184,226	28,055	11,459	154,575	18,370

Estimated volume 27,241 † Total Open Interest 415,511
† All Yield & Open interest figures are for the previous day.

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5390	1.5336	1.5245	1.5135	1.4996

BASE LENDING RATES

Bank	%	Bank	%	Bank	%
Adam & Company	7	Cyprus Popular Bank	7	Mount Banking	7
Allied Trust Bank	7	Duncan Lawrie	7	NatWestminster	7
AIB Bank	7	Equatorial Bank plc	7	Northern Bank Ltd	7
●Henry Ansbacher	7	Exeter Bank Limited	8	Nykredit Mortgage Bnk	7.5
B & C Merchant Bank	13	Financial & Gen Bank	7	●Rea Brothers	7
Bank of Baroda	7	●Robert Fleming & Co	7	Roxburghe Bank Ltd	9
Banco Bilbao Vizcaya	7	Girobank	7	Royal Bk of Scotland	7
Bank of Cyprus	7	●Guinness Mahon	7	●Smith & Williamson Secs	7
Bank of Ireland	7	Habib Bank AG Zurich	7	Standard Chartered	7
Bank of India	7	●Hambros Bank	7	TSB	7
Bank of Scotland	7	Hampshire Trust Plc	13.5	Unibank plc	7
Barclays Bank	7	Heritable & Gen Inv Bk	7	●United Bk of Kuwait	7
Brit Bk of Mid East	7	●Hill Samuel	7	Unity Trust Bank Plc	7
●Brown Shipley	7	C. Hoare & Co	7	Western Trust	7
CL Bank Nederland	7	Hongkong & Shanghai	7	Whiteaway Laidlaw	7
Citibank NA	7	Julian Hodge Bank	7	Yorkshire Bank	7
City Merchants Bank	7	●Leopold Joseph & Sons	7		
Clydesdale Bank	7	Lloyds Bank	7		
Co-operative Bank	7	Meghraj Bank Ltd	7		
Coutts & Co	7	McDonnell Douglas Bk	7		
Credit Lyonnais	7	Midland Bank	7		

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

Boost for futures

FRENCH AND GERMAN money markets rallied strongly yesterday after the Bundesbank President was reported as saying that long term interest rates in Germany could decline below 6 per cent during the current phase of falling rates, *writes James Blitz.*

The reaction to Mr Helmut Schlesinger's comment in a newspaper interview was far more muted in the sterling market, because of the pound's disconnection from the European exchange rate mechanism.

UK clearing bank base lending rate 7 per cent November 13, 1992

However, at least one commercial bank dealer said that the French and German markets' reaction to Mr Schlesinger's comments yesterday was significant, and that there were growing hopes of a cut in official German rates at the first Bundesbank council meeting of the New Year.

"It's the first time anyone can remember Mr Schlesinger saying something bullish about interest rate cuts," he said.

In an interview with the Westdeutsche Allgemeine Zeitung yesterday, the Bundesbank President said that he he was confident Germany's inflation rate could near 3 per cent in 1993 from an average of around 4 per cent in 1992. However, it was unclear from the interview which long-term interest rates Mr Schlesinger felt could be reduced.

However, the comments triggered "a rash of bullish feeling" in French and German markets, according to one dealer. Euromark futures rallied sharply, with the March contract rising 12 basis points to a close at 92.19. German cash rates were generally easier, with 3 month money in the Euromark trading at around 8.87 per cent offered from around 9.25 per cent as recently as last Thursday.

French futures also rose sharply on Germany's coat-tails, with the March contract rising 15 basis points to close at 90.64 and the June contract up 9 basis points to close at 91.77. The cash market, centre-stage in the battle of the franc, was more resistant to change: 3-month money was as high as 12¼ per cent yesterday

The sterling markets were quieter. The Bank of England forecast a large shortage of £1.95bn at the start of the day, but trading was difficult and there was late assistance of £475m. Cash rates were generally unchanged, with 3 month money closing again at 7⅛ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.22) 3 months US dollars		6 months US Dollars	
bid 3¼	offer 3½	bid 3⅜	offer 3½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime		Treasury Bills and Bonds			
Prime rate	6	One month	3.00	Three year	5.16
Broker loan rate	5	Two month	3.35	Five year	6.05
Fed funds	3	Three month	3.29	Seven year	6.39
Fed funds at intervention	-	Six month	3.44	10-year	6.69
		One year	3.69	30-year	7.37
		Two year	4.64		

Dec 22	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.85-8.95	9.05-9.20	9.00-9.10	9.00-9.10	8.55-8.65	9.50
Paris	9⅞-10⅛	12-13	-	11⅞-12⅛	-	9.10
Zurich	6⅝-6⅞	6⅞-6⅞	-	6⅛-6⅞	-	-
Amsterdam	8.50-8.62	8.64-8.72	-	8.47-8.55	-	-
Tokyo	3⅞-3⅞	3⅞-3⅞	-	-	-	-
Milan	12½-12½	13⅞-14	-	13⅛-13⅞	-	-
Brussels	8⅝-8⅞	8⅞-9	-	8⅝-8⅝	-	-
Dublin	16-18	20-21	17½-18½	16½-17¼	14-15	-

LONDON MONEY RATES

Dec 22	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	9½	7¼	7¼	7⅛	7⅛	7
Interbank Bid	7	7⅛	7⅛	7⅛	6⅞	6⅞
Sterling CDs	-	-	7⅛	7⅛	6⅞	6⅞
Local Authority Deps	7¼	7	7¼	7⅛	7⅛	6⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	8	7¼	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	7¼	7¼	6⅞	6⅞
Treasury Bills (Buy)	-	-	6⅞	6⅝	6⅞	-
Bank Bills (Buy)	-	-	6⅞	6⅞	6½	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.11	3.25	3.43	3.87
SDR Linked Dep Offer	-	-	5⅞	5⅞	5¼	5¼
SDR Linked Dep Bid	-	-	5⅞	5⅞	5¼	5
ECU Linked Dep Offer	-	-	11⅛	10⅞	10¼	9⅞
ECU Linked Dep Bid	-	-	10⅞	10⅝	10¼	9⅞

Treasury Bills (sell): one-month 6⅞ per cent; three months 6½ per cent; six months 6⅞ per cent; Bank Bills (sell): one-month 6⅞ per cent; three months 6⅞ per cent; Treasury Bills; Average tender rate of discount 6.3875. ECGD Fixed Rate Sterling Export Finance. Make up day November 30, 1992. Agreed rates for period December 26, 1992 to January 25, 1993, Scheme I: 8.71 p.c. Schemes II & III: 8.54 p.c. Reference rate for period October 31, 1992 to November 30, 1992, Scheme IV&V: 7.267 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 8 from December 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 3½ per cent; one-three months 6 per cent; three-six months 5½ per cent, six-nine months 5 per cent; nine-twelve months 5 per cent; Under £100,000 3½ per cent from Nov.16, 1992. Deposits withdrawn for cash 1½ per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

CROSSWORD

No.8,036 Set by ADAMANT

ACROSS

1 Ties – mother's boy down in the kitchen? (5,7)
10 Topping workers (7)
11 Cry over dwarf flippers (7)
12 Being liberal-hearted, affected vice (5)
13 Sticking out had brought back the noise (8)
15 Indeed the earl was accompanied by an expert in finance (10)
16 Aid by deferred payments takes the French aback (4)
18 Growth of support on course for imprisoned king (4)
20 Deal with the navy? I am able to with earth moving theories (10)
22 Over a ton on reconstructed rail, as authenticated (8)
24 A letter or a chit, maybe (5)
26 To do with holding rep production of Stingray (7)
27 Papal edict, one on earthly treasure (7)
28 12 jasmine or rose, for example, arranged with love for the vivandiere (4,8)

DOWN

2 Matter of fact advertising people overcome American agents (7)
3 Remainder of lovers up in disarray (8)
4 Has gone up to receive second decoration (4)
5 Dire scenes of ruined houses (10)
6 Ivan the Terrible, European but lacking sophistication (5)
7 Will it be enough to go to law about the fellows in charge? (7)
8 Shake-up in a report – acts to delay progress (13)
9 Mean the girl involved in the robbery (5,8)
14 Having to go back inside, good man ran off with the beef dish (10)
17 Tailing off with no sort of jewel (8)
19 Type of fever that was a recent one to develop (7)
21 Lemon rice out of other tin? (7)
23 Man in strange, cold condition (5)
25 Throw up round coin (4)

Solution to Puzzle No.8,035

R	A	S	H	E	R		H	A	N	D	S	O	M	E
S		T		L				M		I		M		Y
V	A	R	I	E	S		A	P	O	S	T	A	T	E
E		A		V		P		S		T		H		S
R	E	N	D	E	R	E	D		E	R	R	A	T	A
E		C		N		R		E		E				L
D	U	L	L		S	T	A	N	D	S	T	I	L	L
		E		C		A		R		S		E		
P	E	R	I	O	D	I	C	A	L		A	P	E	S
R				N		N		G		O		O		F
E	A	S	I	N	G		P	E	R	F	O	R	C	E
S		T		O		M		S		F		T		N
E	R	E	C	T	I	O	N		R	E	W	A	R	D
N		E		E		O				N		N		E
T	A	P	E	S	T	R	Y		E	D	I	T	O	R

The Christmas crossword competition will appear in Weekend FT tomorrow. First prize is a £399 Pelikan Toledo fountain pen and other prizes are Pelikan Souveran pens.

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WORLD STOCK MARKETS

AUSTRIA — BELGIUM/LUXEMBOURG — DENMARK — FINLAND — FRANCE — GERMANY — ITALY — NETHERLANDS — NORWAY — SPAIN — SWEDEN — SWITZERLAND — SOUTH AFRICA — JAPAN — AUSTRALIA — HONG KONG — MALAYSIA — SINGAPORE

[illegible]

CANADA

TORONTO

3 pm December 22

Quotations in cents unless marked $

[illegible]

5800 Canamax	24	23	23	
12800 Cantor	$26¼	26¼	26	
4000 CnPcForest	$22⅞	22	22	+⅝
21900 Care Op	470	465	470	+20
2000 Cascades	$6¼	6¼	6¼	+½
200 Celanese	$40	39	40	
10800 Cntrl Cap	2	1½	1½	
23400 Cinepx Odn	240	231	231	−14
2200 Cntrl Fd A	445	445	445	
105700 Cominco x	$17⅝	17½	17½	
7300 Inval Grp	$26	25½	25½	
98400 Ivaco A	225	d200	220	−15
21000 Jannock	$13⅛	13	13⅛	−⅛
4500 KerrAddis	$15¼	15¼	15¼	+¼
8300 Labatt	$27½	27¼	27⅜	
101900 Lac Minls	$6⅝	d6½	6⅝	
1000 Lafarge	$18	18	18	
5500 Laidlaw A	$11⅛	11⅛	11¼	+¼

MONTREAL

3 pm December 22

[illegible]

INDICES

NEW YORK

DOW JONES	Dec 21	Dec 18	Dec 17	Dec 16	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3312.46	3313 27	3269 23	3255 18	3413 21 (1/6)	3136 58 (9/10)	3413 21 (1/6/92)	41 22 (2/7/32)
Home Bonds	103.07	102.92	102 94	103 06	103 21 (14/12)	98 41 (20/3)	103.21 (14/12/92)	54 99 (1/10/81)
Transport	1448 60	1451 02	1430 47	1397 23	1467 68 (20/2)	1204 40 (26/8)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	222 27	222 90	219 89	219 70	225 59 (3/1)	200 74 (8/4)	236 23 (2/1/90)	10 50 (8/4/32)

DJ Indl Day's High 3335 15 (3325 97) Low 3280 85 (3261 94) (Theoretical♦)
Day's High 3318.13 (3313 54) Low 3303 27 (3269 23) (Actual♦)

STANDARD AND POOR'S

	Dec 21	Dec 18	Dec 17	Dec 16	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	440 70	441 28	435.43	431 52	441.28 (18/12)	394 50 (8/4)	441.28 (18/12/92)	4.40 (1/6/32)
Industrials	514 60	515 75	509 12	504 35	515 75 (18/12)	470 91 (8/4)	515.75 (18/12/92)	3 62 (21/6/32)
Financial	40 56	40 43	39 78	39 45	40 56 (21/12)	32 40 (8/4)	40 56 (21/12/92)	8.64 (1/10/74)
NYSE Composite	241 72	242.08	239 12	237 26	242 08 (18/12)	217 92 (8/4)	242.08 (18/12/92)	4 46 (25/4/42)
Amex Mkt. Value	390.68	392 03	390 42	389.30	418 99 (12/2)	364.85 (9/10)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	662.46	661.29	658.46	649.63	667 12 (8/12)	547 84 (26/6)	667 12 (8/12/92)	54.87 (31/10/72)

	Dec 18	Dec 11	Dec 4	year ago (approx.)
Dow Industrial Div. Yield	3.12	3 13	3 14	3 13

	Dec 16	Dec 9	Dec 2	year ago (approx.)
S & P Industrial div. yield	2 58	2.58	2 61	2.78
S & P Indl P/E ratio	26.78	27 10	26 71	23.24

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Tucson Elec	13,313,500	2½	+ ⅛
IBM	7,370,400	48⅞	- 2½
Natl Health	4,839,900	17¼	- 5½
Unisys Corp	2,637,300	10⅞	+ ⅛
Amer T & T	2,529,800	50⅛	+ ½
Westinghouse El	2,205,300	13	+ ⅛
Citicorp	2,194,700	20⅛	+ ⅝
Boeing	2,132,500	37	+ 1¼
HCA-Hosp	2,039,100	20	+ 1
Philip Morris	1,819,700	77½	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	Dec 21	Dec 18	Dec 17
New York SE	224 680	371.030	248.590
Amex	19 012	17.717	15.082
NASDAQ	202.913	244.063	247.940
NYSE			
Issues Traded	2,450	2,419	2,421
Rises	861	1,299	1,130
Falls	1019	570	659
Unchanged	570	550	632
New Highs	116	141	67
New Lows	28	21	33

CANADA

TORONTO	Dec 21	Dec 18	Dec 17	Dec 16	1992 HIGH	1992 LOW
Metals & Minerals	2743 63	2748.63	2741.81	2746.4	3238 87 (16/1)	2529.91 (17/11)
Composite	3310.40	3320 41	3304 33	3296 15	3666.00 (16/1)	3195.40 (14/10)
MONTREAL Portfolio	1755.18	1760.73	1759.50	1747.35	1937.59 (16/1)	1663.16 (14/10)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

AUSTRALIA — AUSTRIA — BELGIUM — DENMARK — FINLAND — FRANCE — GERMANY — HONG KONG — IRELAND — ITALY — JAPAN — MALAYSIA — NETHERLANDS — NORWAY — PHILIPPINES — SINGAPORE — SOUTH AFRICA — SOUTH KOREA — SPAIN — SWEDEN — SWITZERLAND — TAIWAN — THAILAND — WORLD

[illegible]

Euro Top-100 (26/6/90)	869.24	861.46	851.77	839.87	976.55 (25/5)	772.52 (5/10)

**Saturday December 19: Taiwan Weighted Price: 3,657.99, Korea Comp Ex. 663.31.
♥ Subject to official recalculation. *Calculated at 15.00 GMT.

Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Wednesday, December 22, 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Tokio M & F Ins ..	2.9m	1,240	+20	Mitsubishi Heavy .	2.2m	547	-2
Nippon Steel	2.8m	285	-	Nomura Sec	2.2m	1,570	+20
Nippon Yusen	2.6m	510	+5	Isuzu Motor	2.1m	307	-10
Toyota Motor	2.4m	1,520	+30	Toshiba Corp	2.0m	646	-4
Max	2.4m	1,820	-	Mitsubishi Elec ..	1.8m	485	-2

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. (u) Unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Some Hong Kong prices in last Saturday's & Monday's FT were previous close.

3 pm December 22

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
[illegible]										

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

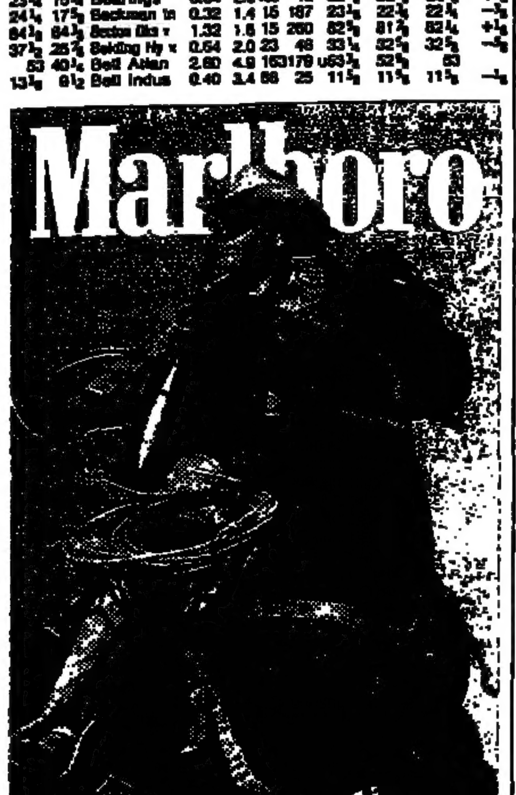
- N -

- O -

- P - Q -

- R -

- S -



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NYSE COMPOSITE PRICES

Continued from previous page

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Chng
55	50½	Xerox4.125				2	53	53	52	
42⅝	34⅞	Xtra 1.94	1.94	4	7	31	u42¼	42¼	41	−1⅝
59⅛	28½	Xtra Corp	0.80	1.3	15	695	u60	59	60	+1
30⅝	25¼	Yankee Egy x	1.88	6.9	12	275	28⅛	28	28	
1½	½	Zapata			37	859	13/16	¾	¾	−⅛
11⅛	5	ZenithElec			2	985	8⅜	6	6⅛	+⅛
19½	14½	Zenith Nat	1.00	5.3	9	203	19	18½	19	+⅜
7½	6	Zeus Inc x	0.82	12.4		105	6⅝	6½	6⅝	+⅛
13⅞	10	Zero Corp	0.40	3.0	20	85	13⅜	13½	13½	−⅛
38	27¼	Zurn Ind x	0.88	2.3	42	123	37⅞	37⅛	37½	−⅛
14⅛	12	Zweig Fund	1.12	8.6		193	13⅛	13	13	
11	9½	Zweig Totl	0.96	9.6		1587	10⅛	10	10	−⅛

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3 pm December 22

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pegasus G	0.10	31	557	14¾	14⅝	14⅝	−⅛
Perini	0.80	16	68	17⅛	16¾	16¾	+⅛
Pe HMP x	1.14	11	59	16½	16	16½	
Phh LD x	0.25	13	1485	32⅞	32½	32¾	+¼
Pittway A	1.10	16	3	34⅜	34⅛	34⅜	+¼
Ply Gem	0.12	25	159	12⅞	12½	12¾	+⅛

NASDAQ NATIONAL MARKET

3 pm December 22

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
WPP Group	1.11	1	869	1 7/16	1 3/16	1 3/16	−1/16
Wyman-Gdn	0.40	1	444	5⅛	4⅞	4⅞	

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		25	1095	23¼	22¼	23	−¼
Xoma Corp		4	1898	10¼	10	10¼	
Yellow Fr	0.94	21	553	28¼	27⅞	27½	−⅞
York Rsch		7	1094	7⅛	6⅞	7 1/16	+¼
ZionsUtah	1.44	12	83	74¼	72¾	74¼	

AMERICA

Dow gives up its early gains by midsession

Wall Street

US MARKETS were unable to hold on to their early gains and by early afternoon leading indices were flat or lower in heavy trading, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was down 4.32 at 3,308.14. The more broadly based Standard & Poor's was also lower at the halfway stage, down 1.68 at 439.02, while the Amex composite was 0.8 firmer at 390.76 and the Nasdaq composite was down 2.08 at 660.38. Turnover on the NYSE was 152m shares by 1 pm, and declines outnumbered rises by 896 to 839.

Buyers moved into the market at the start in anticipation of a year-end rally, lifting the Dow by 16 points in the first 30 minutes. Early sentiment was also aided by gains in overseas markets, where prices in London, Frankfurt and Tokyo all finished higher, and from another strong rise in bond prices which pushed long-term interest rates lower.

The market, however, failed to maintain the upward momentum and soon after midday prices slipped into negative territory. Analysts offered no particular reason for the setback, although some said that the declines were due to investors selling stocks to realise their 1992 losses for tax purposes.

The day's only economic news – a downward revision in the third real quarter gross domestic product figure from 3.9 per cent to 3.4 per cent – was generally ignored by investors.

Among individual stocks, airlines were active after British Airways pulled out its proposed $750m investment in USAir because the US government was about to block the deal. The news left USAir $1⅛ lower at $11⅞, a muted reaction since the market had already discounted the deal's collapse. Other airlines were buoyed by the news, with Delta up $⅝ at $51½, AMR $¼ higher at $64 and UAL $2 firmer at $123¼.

Wal-Mart fell $⅞ to $63¼ in nervous trading ahead of a network television programme which was expected to be critical of the retailer's trading and import policies.

Unisys dropped $⅜ to $10¼ in turnover of 1.4m shares after the Wall Street investment bank Lehman Brothers cut its rating on the stock from "buy" to "outperform".

IBM rebounded from recent losses, although the stock remained near its 10-year low. By early afternoon, IBM was up $1¼ at $50.

On the Nasdaq market, Heart Technology climbed $1¾ to $16 after winning approval from the Food and Drug Administration to restart commercial distribution of its Rotablator system used to treat atherosclerosis in leg arteries.

Homestyle Buffet dropped $¾ to $2½ after warning that it would post a "substantial" loss in the fourth quarter.

Canada

TORONTO lost some of its early gains by midsession after climbing on another round of prime lending rate cuts. The TSE-300 index was up 6.9 to 3,317.3 in volume of 22.6m shares valued at C$203m. Declining shares led advances 228 to 224 with 304 unchanged.

A fall in the bullion price sent gold shares lower, led by Placer Dome, down C$½ to C$4½ and American Barrick C$½ lower at C$37⅞.

SOUTH AFRICA

GAINS in leading industrial and financial shares lifted the all-share index by 5 to 3,233. The industrial index rose 11 to 4,303, but gold shares were weaker on the back of the unexciting bullion price and the index lost 14 to 822.

Colombian equities look ahead to a better year

The stock market has been held back in 1992 by economic and political difficulties, says Sarita Kendall

For Colombia, 1992 has been a very difficult year as severe power rationing, low coffee prices and guerrilla attacks on the oil and mining industries took their toll on the economy.

This has been reflected in the stock market, which has risen more modestly this year. According to the IFC, part of the World Bank, Colombia rose by 32 per cent in dollar terms from the start of 1992 to the end of November, well below the surge of 173.5 per cent achieved in 1991.

A fall in interest rates in the first half of this year led many investors to transfer some of their holdings out of fixed-interest instruments and into equities. But a sudden increase in interest rates in August and September reversed this trend.

Nevertheless, the outlook for the stock market is improving: government and independent sources have forecast an economic growth rate for 1993 of more than 4 per cent, compared with government estimates of above 2 per cent for 1992. Businessmen and brokers endorse the government's economic optimism.

Imports have begun to rise, and will probably continue to do so as industrialists take advantage of lower tariffs, while a higher devaluation rate will boost exports. Colombia has an annual devaluation rate of about 16 per cent and inflation is running at 24 per cent.

Foreign funds – 20 have now been approved – were particularly active during the first half, but mounting political and economic problems dampened foreign interest in recent months. The escape from jail of the drug trafficker Pablo Escobar and a surge in guerrilla violence (with the economy as the main target) have undermined the government's prestige.

"These problems have an impact on the foreign investor. The country risk is more important than the company risk," says Mr Paul Weiss of the stockbroking firm Corredores Asociados. "But next year the 12 per cent profit remittance tax will fall to zero and this will encourage foreign investors."

The high incidence of kidnappings and extortion also affects the willingness of local companies to expose themselves: once a company is listed on the market, guerrillas and criminals can find out how much the business and its owners are worth.

Nevertheless, several new companies have issued shares this year, including Fibratolima, a textile manufacturing firm, and Colsanitas, a hospital. Fewer than 180 companies are listed in the stock market and only about a tenth of them are actively traded. Some are only there for tax purposes, says Mr Weiss, not for trading, and he expects a reshuffle next year as such companies drop out and new ones come in, offering real alternatives for the investor.

The government's privatisation programme is moving more slowly than expected, although the industrial development institute is selling off its holdings in a number of small companies. It is not clear whether the government has enough support to brave the trade unions and privatise the bigger companies that should attract foreign investors.

The stock exchange authorities are enthusiastic about new plans and regulations, which will create confidence in the market and encourage expansion. Pension funds will probably start operating next year and different forms of risk coverage are being studied. Controls on the origin of money are also being applied more rigidly by banks and financial institutions to prevent money-laundering. Small investors are showing more interest in shares now that mutual funds are beginning to operate.

IFC EMERGING MARKETS PRICE INDICES

Market	No. of stocks	Dollar terms: Nov 30 1992	% Change over month	% Change on Dec '91	Local currency terms: Nov 30 1992	% Change over month	% Change on Dec '91
Latin America							
Argentina	(29)	778.59	-7.5	-39.3	42,846,275	-7.3	-39.7
Brazil	(67)	90.27	-12.4	-14.0	274,827,853	+8.5	685.3
Chile	(35)	1,684.91	-8.5	+9.3	4,961.85	-6.6	-11.1
Colombia	(20)	1,063.86	-4.5	+32.0	7,482.33	-3.5	+50.0
Mexico	(56)	1,639.46	+6.1	+13.1	26,385.34	+5.7	+14.0
Venezuela	(16)	373.16	-10.6	-44.8	3,847.85	-8.4	-29.8
East Asia							
South Korea	(77)	286.67	+9.7	+0.3	272.35	+10.1	-3.8
Philippines	(30)	1,758.77	-8.5	+22.4	2,207.37	-5.5	-16.0
Taiwan, China	(70)	480.46	+1.4	-22.7	314.02	+2.8	-22.3
South Asia							
India	(60)	316.53	-9.8	+15.0	716.81	-5.6	-25.6
Indonesia*	(66)	59.32	-8.3	+6.4	68.00	-7.4	-10.5
Malaysia	(62)	186.99	+0.9	+30.2	185.37	+1.9	-21.2
Pakistan	(54)	235.15	-7.9	-26.4	389.32	-6.4	-23.9
Thailand	(43)	397.90	-5.9	+25.5	373.90	-5.2	+27.8
Euro/Mid East							
Greece	(32)	271.40	+2.2	-34.4	438.95	+6.0	-22.3
Jordan	(25)	109.72	+4.6	+14.1	196.79	+5.6	-14.7
Portugal†	(30)	351.89	-4.9	-22.1	307.61	-1.5	-16.7
Turkey‡	(25)	35.07	-2.2	-59.6	372.10	+4.0	-34.0

*Source: International Finance Corporation. Base date: Dec 1984 = 100. *Dec 1989 = 100. †Jan 1986 = 100. ‡Dec 1986 = 100*

EUROPE

Continental bourses continue their year-end rally

CONTINENTAL bourses continued their Christmas rally yesterday, *writes Our Markets Staff.*

FRANKFURT remained positive as some disappointing economic news was largely ignored. Remarks by Mr Helmut Schlesinger, the Bundesbank president, forecasting a fall in long-term interest rates caused bonds and futures to rally but had little effect on equities, as he reaffirmed that there would be no change in short-term rates.

The DAX index closed up 7.99 at 1,523.57, but off the day's high of 1,529.83. Turnover was barely changed at DM4bn after DM3.9bn.

Volkswagen declined DM7.10 to DM237.20, partly as investors continued to sell following recent gloomy forecasts from the company but also because the German Automobile Association reported stagnating domestic demand and reduced orders from overseas.

Retailers continued to be firm on a report that Christmas period turnover could beat expectations. Asko firmed DM20 to DM665, Karstadt was up DM4 to DM488 and Kaufhof improved DM5 to DM400.

Utilities rose on news that a legal dispute between east German municipalities and power groups had been settled. RWE gained DM4.30 to DM399.80 and Viag rose DM7 to DM329.50.

PARIS was lifted by a strong bond market and signs that pressure on the franc was easing, but some dealers feared that the stock market had risen too far, too fast. The CAC-40 index ended 38.08 higher at 1,824.37 in heavy turnover of FFr3.6bn.

Most blue chips participated in the rally, with Alcatel rising FFr12 to FFr679 and BSN up FFr24 to FFr938. Drinks stocks also found favour, as LVMH put on FFr145 or 4.2 per cent to FFr3,600 and Pernod-Ricard added FFr16.50 or 4.8 per cent to FFr360.

Hopes of lower interest rates again buoyed up financial stocks, as Suez gained FFr9.80 to FFr254.80 and Société Générale added FFr16 to FFr597.

MILAN was lifted right at the end of a dull session by news that the Bank of Italy had lowered its official discount rate by one point to 12 per cent. The Comit index ended 0.09 higher at 428.96 in turnover estimated at close to Monday's L134.5bn.

Insurers and telecoms featured for a second day as Ras added L1,030 to L19,530 and Generali rose L160 to L27,610.

Stet and Sip were traded heavily on continued hopes that the government was willing to sell a controlling stake in Stet. Stet was fixed L19 down at L1,760 but jumped to L1,842 after hours. Sip rose L101 to L1,486.

Credito Italiano gained L38 to L2,850. The prime minister, Mr Giuliano Amato, said yesterday that the state-owned Banca Commerciale Italiana (up L175 at L4,600) would be put up for sale once the government had dealt with the sale of Credito Italiano.

BRUSSELS built on Monday's gains with a 14.32 rise in the Bel-20 index to 1,141.56. Bekaert, which said after Monday's close that it was to pay a BFr100 1992 dividend rose BFr550 to BFr13,525.

AMSTERDAM rose in thin trading with the CBS Tendency index gaining 1.2 to 105.6. Ahold advanced Fl 1.60 to Fl 88.60 on news that it was to help set up the first food distribution system in Moscow.

STOCKHOLM turned lower as profit-taking emerged after a three-day rally and the Affärsvärlden general index eased 6.8 to 914.6. Astra again dominated trading, accounting for roughly SKr190m of total turnover of SKr910m. Its A shares fell SKr2 to SKr748.

HELSINKI rallied as the approaching year-end pushed up share prices and volumes. News that parliament had passed legislation dismantling restrictions on foreign ownership of shares from the start of 1993 also lifted sentiment. The Hex index rose 13.9 to 823.9.

VIENNA's ATX index gained 16.53 or 2.3 per cent to 739.43.

ISTANBUL closed at a three-month high, as cement and textile stocks featured. The 75-share index gained 44.84 or 1.1 per cent to 4,075.60 in turnover estimated at TL370bn.

FT-SE Actuaries Share Indices

December 22 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1068.56	1068.85	1068.78	1069.19	1071.20	1072.30	1073.44	1072.92
FT-SE Eurotrack 200	1154.63	1153.02	1151.67	1154.00	1156.12	1155.77	1157.18	1157.60

	Dec 21	Dec 18	Dec 17	Dec 16	Dec 15
FT-SE Eurotrack 100	1059.21	1050.25	1034.41	1036.62	1038.14
FT-SE Eurotrack 200	1145.44	1136.56	1119.02	1117.67	1115.23

Base value 1000 (26/10/90) High/day: 100 - 1074.73 200 - 1157.97 Low/day: 100 - 1068.38 200 - 1151.67

ASIA PACIFIC

Late buying by public funds lifts Nikkei

Tokyo

THE NIKKEI average closed marginally higher on late buying by public funds ahead of today's national holiday, *writes Emiko Terazono in Tokyo.*

The 225-issue average gained 45.23 to end at the day's high of 17,690.67 on late afternoon buying, having fallen to the day's low of 17,563.59 during the first hour of trading on selling by tokkin, or specified money trusts.

Volume declined to 220m shares from 246m. Most dealers remained on the sidelines since they end trading for their December accounts on Friday. Overall declines, however, still led advances by 534 to 409, with 196 issues unchanged. The Topix index of all first section stocks rose 4.09 to 1,349.86, and in London the ISE/Nikkei 50 index edged up 0.68 to 1,102.55.

The Ministry of Finance announced plans for a new capitalisation weighted futures index to end criticism of the negative effects of futures and options trading. The proposed weighted index will take into account the number of shares outstanding and is planned to replace the Nikkei 225 futures index, which is a simple price average of 225 stocks.

The announcement prompted little reaction from the futures market, but triggered some buying in stocks which are currently under-represented in the Nikkei 225. Electric power utilities gained ground along with banks and telecoms.

Tokyo Electric Power moved ahead Y90 to Y2,680, Mitsubishi Bank Y10 to Y2,430 and NTT Y10,000 to Y572,000.

Dainippon Ink and Chemicals put on Y5 at Y411 on reports of planned joint ventures in China. Suzuki Motor, also a China related stock, climbed Y15 to Y846.

Trading of Jax, the import car dealer listed on the over-the-counter market, was once again suspended. Volkswagen announced in the morning that it would acquire a 19.9 per cent stake in Jax to boost its Japanese sales network.

Medical hygiene-related shares gained on the Finance Ministry's draft budget for fiscal 1993, which earmarked Y134m for prevention measures against a new virus contracted mainly in hospitals. Sanden, a steriliser maker, firmed Y5 to Y593 and Terumo, a leading manufacturer of disposable medical instruments, rose Y10 to Y875.

In Osaka, the OSE average slipped 35.20 to 19,082.48 in volume of 37m shares. The index retreated for the first time in four trading days ahead of the national holiday.

Roundup

THE region's markets were mixed yesterday.

HONG KONG was lifted by foreign institutional buying and the Hang Seng index finished 55.26 ahead at 5,297.74 in low turnover of HK$1.77bn.

Among the actives, HSBC Holdings appreciated 50 cents to HK$53, while Cheung Kong gained 40 cents at HK$17.90 and Jardine Matheson moved forward 50 cents to HK$41.50. Hong Kong Telecom firmed 20 cents to HK$9.45.

SINGAPORE retreated on profit-taking in blue chips. The Straits Times Industrial index receded 22.33 to 1,489.16 in volume of 68.5m shares, against 112.9m on Monday.

SEOUL reversed early losses as investors concentrated on small and medium-sized companies. The composite index was finally 3.55 higher on balance at 657.01 in turnover of some Won460.7bn.

TAIWAN regained some of Monday's fall but sentiment remained nervous following the ruling Nationalist party's poor performance in parliamentary elections at the weekend. The weighted index improved 3.88 to 3,579.97 in low turnover of T$8bn.

AUSTRALIA lost ground after its strong recent performance, the All Ordinaries index closing 7 down at 1,530.1 in turnover of A$301.7m. BHP relinquished 8 cents to A$13.08.

BANGKOK was subjected to profit-taking and the SET index shed 7.46 to 863.87 in turnover of Bt6.1bn.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	MONDAY DECEMBER 21 1992: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	FRIDAY DECEMBER 18 1992: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 1992 High	1992 Low	Year ago (approx)
Australia (68)	125.05	+1.6	118.50	97.18	101.94	120.22	+1.6	4.04	123.03	116.51	95.89	100.14	118.37	153.68	108.18	143.45
Austria (18)	136.63	+1.3	129.47	106.19	111.38	111.31	-1.2	2.19	134.91	127.76	105.15	109.80	110.00	186.70	134.91	166.46
Belgium (42)	136.86	+0.4	129.70	106.36	111.57	109.18	-0.7	5.24	136.27	129.05	106.20	110.90	108.37	152.27	133.99	141.34
Canada (113)	115.22	+0.1	109.19	89.55	93.92	105.75	-0.5	3.21	115.11	109.02	89.71	93.68	106.24	142.12	111.36	131.04
Denmark (34)	196.04	-0.9	185.78	152.36	159.81	161.19	1.0	1.69	197.81	187.34	154.18	161.00	162.84	273.94	161.70	266.08
Finland (15)	69.82	-2.0	66.16	54.27	56.92	75.43	1.7	1.87	71.26	67.48	55.54	58.00	76.71	89.80	52.84	74.19
France (99)	146.59	+0.9	138.91	113.92	119.49	123.19	+1.1	3.66	145.28	137.59	113.23	118.24	121.81	168.75	136.93	140.43
Germany (64)	105.45	+1.3	99.93	81.96	85.96	85.96	+1.4	2.64	104.14	98.62	81.18	84.76	84.76	129.69	102.51	115.00
Hong Kong (53)	210.68	+0.5	199.65	[illegible]	171.75	209.26	+0.5	4.31	209.71	198.60	163.44	170.69	208.28	262.28	176.36	170.29
Ireland (16)	140.68	-0.8	133.32	109.34	114.68	117.57	0.8	4.66	141.84	134.33	110.55	115.44	118.57	173.71	122.98	163.09
Italy (77)	54.60	+1.0	51.74	42.43	44.51	57.41	+1.2	3.62	54.04	51.18	42.12	43.98	56.71	80.86	47.47	72.48
Japan (472)	109.94	+0.4	104.18	85.44	[illegible]	85.44	+0.2	0.98	109.45	103.65	85.30	89.09	85.30	140.95	87.27	128.09
Malaysia (69)	266.28	+0.5	252.34	206.94	[illegible]	265.36	+0.8	2.50	264.84	250.82	208.41	215.55	263.28	282.42	212.49	208.55
Mexico (18)	1621.27	+0.6	1536.39	1260.04	[illegible]	5523.47	+0.5	1.09	1612.11	1526.73	1256.48	1312.10	5495.78	1789.77	1185.84	1288.13
Netherland (25)	155.01	+0.1	146.89	120.47	[illegible]	[illegible]	+0.3	4.56	154.82	146.62	120.67	126.01	124.51	169.70	147.88	149.59
New Zealand (13)	42.16	+1.2	39.96	32.77	[illegible]	[illegible]	1.2	5.15	41.68	39.47	32.48	33.92	42.76	48.52	37.39	45.71
Norway (22)	144.72	+0.6	137.14	[illegible]	117.98	132.59	+0.8	1.82	143.86	136.24	112.13	117.09	131.51	192.95	128.05	169.95
Singapore (38)	213.69	+2.7	202.50	166.09	174.20	[illegible]	+2.5	2.05	208.02	197.01	162.13	169.31	157.22	229.63	179.65	209.62
South Africa (60)	144.28	-1.6	136.73	112.13	[illegible]	[illegible]	+0.1	3.29	146.57	138.81	114.24	119.29	155.33	263.60	134.21	242.26
Spain (48)	122.66	+1.2	116.24	95.34	100.00	[illegible]	1.4	5.81	121.24	114.82	94.49	98.67	102.27	161.72	107.10	147.91
Sweden (31)	170.80	+2.8	161.86	[illegible]	[illegible]	175.10	+2.7	2.24	166.15	157.35	129.50	135.23	170.45	200.28	149.69	172.37
Switzerland (60)	114.45	-0.1	108.45	88.95	[illegible]	[illegible]	+0.2	2.13	114.53	108.46	89.27	93.22	100.11	122.37	95.99	97.27
United Kingdom (226)	175.81	-0.6	166.60	136.62	143.30	166.60	-0.7	4.44	174.68	165.43	136.13	142.16	165.43	200.07	161.86	175.31
USA (522)	179.88	-0.1	170.46	[illegible]	146.65	179.88	0.1	2.94	180.06	170.52	140.35	146.56	180.06	180.06	160.92	161.64
Europe (777)	138.26	+0.7	131.03	[illegible]	[illegible]	[illegible]	+0.9	3.84	137.26	129.99	106.98	111.72	121.82	158.88	131.31	141.17
Nordic (102)	154.04	+1.4	145.96	119.72	125.58	[illegible]	+1.4	2.04	151.84	143.80	118.35	123.59	138.86	188.52	141.24	178.39
Pacific Basin (713)	113.93	+0.5	107.97	[illegible]	[illegible]	90.51	0.3	1.33	113.33	107.33	88.33	92.24	90.25	141.97	93.70	129.56
Euro – Pacific (1490)	123.77	+0.6	117.29	96.19	100.89	103.55	+0.5	2.46	123.01	116.50	95.87	100.11	102.99	145.21	113.80	134.51
North America (635)	175.88	-0.1	166.67	[illegible]	[illegible]	174.86	0.1	2.86	176.04	166.71	137.22	143.30	175.06	176.04	158.70	159.70
Europe Ex. UK (551)	115.99	+0.8	109.92	90.15	94.57	99.27	+1.0	3.38	115.08	108.98	89.71	93.68	98.31	132.98	111.33	120.54
Pacific Ex. Japan (241)	153.13	+1.1	145.12	[illegible]	124.85	141.23	+1.1	3.77	151.44	143.42	118.05	123.27	139.87	175.31	146.06	144.01
World Ex. US (1681)	124.63	+0.6	118.10	[illegible]	101.60	105.52	-0.5	2.48	123.92	117.35	96.59	100.86	104.99	146.91	115.99	136.24
World Ex. UK (1977)	139.11	+0.2	131.83	[illegible]	[illegible]	124.60	+0.2	2.42	138.77	131.42	108.16	112.95	124.36	150.58	127.21	140.76
World Ex. So. Af. (2143)	142.40	+0.3	134.95	[illegible]	116.10	[illegible]	+0.2	2.63	141.97	134.45	110.66	115.56	127.70	153.05	130.04	143.15
World Ex. Japan (1731)	160.74	+0.2	152.32	124.94	[illegible]	153.21	+0.3	3.22	160.37	151.88	125.00	130.54	152.78	165.40	151.93	153.45
The World Index (2203)	142.29	+0.3	134.84	110.59	116.00	128.31	+0.2	2.64	141.89	134.37	110.59	115.49	128.00	153.70	130.66	143.79

Latest prices were unavailable for this edition